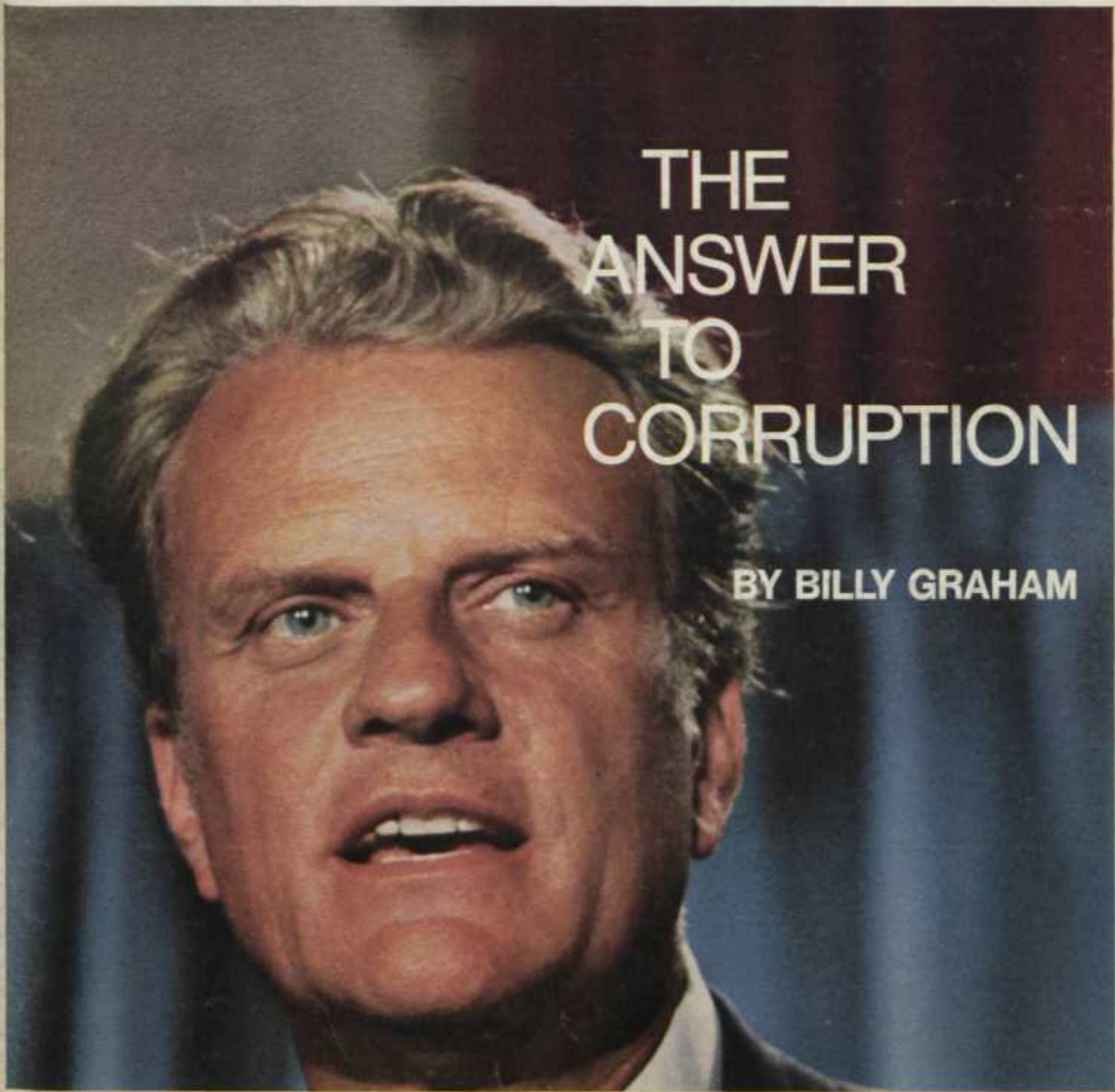


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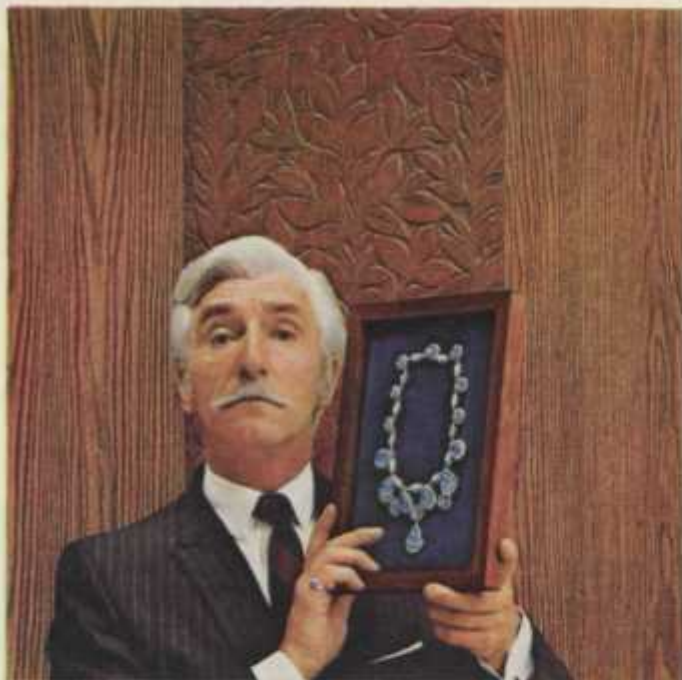
Nation's Business

Maurice Stans: Supersalesman for U. S. system
Industry's own space quest — Special section
Postmaster Blount's case for postal reform



THE
ANSWER
TO
CORRUPTION

BY BILLY GRAHAM



A touch of luxury is great for business. This new Marlite accent panel, Carved Leaf, is so deeply embossed that it looks hand-carved. Harmonizes beautifully with other Marlite paneling, such as Textured Oak, shown here.



You can add elegance and distinction to any interior with new Antique Marble Marlite. The embossed veining reproduces the characteristic appearance of fine marble. Antique Marble is available in four rich colors.



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Soilproof Marlite paneling is beautiful for business.



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other filter on any other popular brand!

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Here's your Piece de Resistance: tell him Lark's Gas-Trap filter is patented (U.S. Patent No. 3,251,365) so it's unique—just like him.

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King Size
or new 100's.



For more information send for the free brochure "Lark's Gas-Trap Filter and What It Means to You." Write Lark, P.O. Box 44, Brooklyn, New York 11202.

Nation's Business

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40 TOO MUCH OF A GOOD THING?

America's urban crisis is matched by a crisis in its rural areas, where the problem is not how to grow more food, but how to grow less

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Cover photo: Leo Choplin—Black Star

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This lifelong salesman-executive finds that potato chips go fine with soft drinks and even fleets of cars, trucks and moving vans

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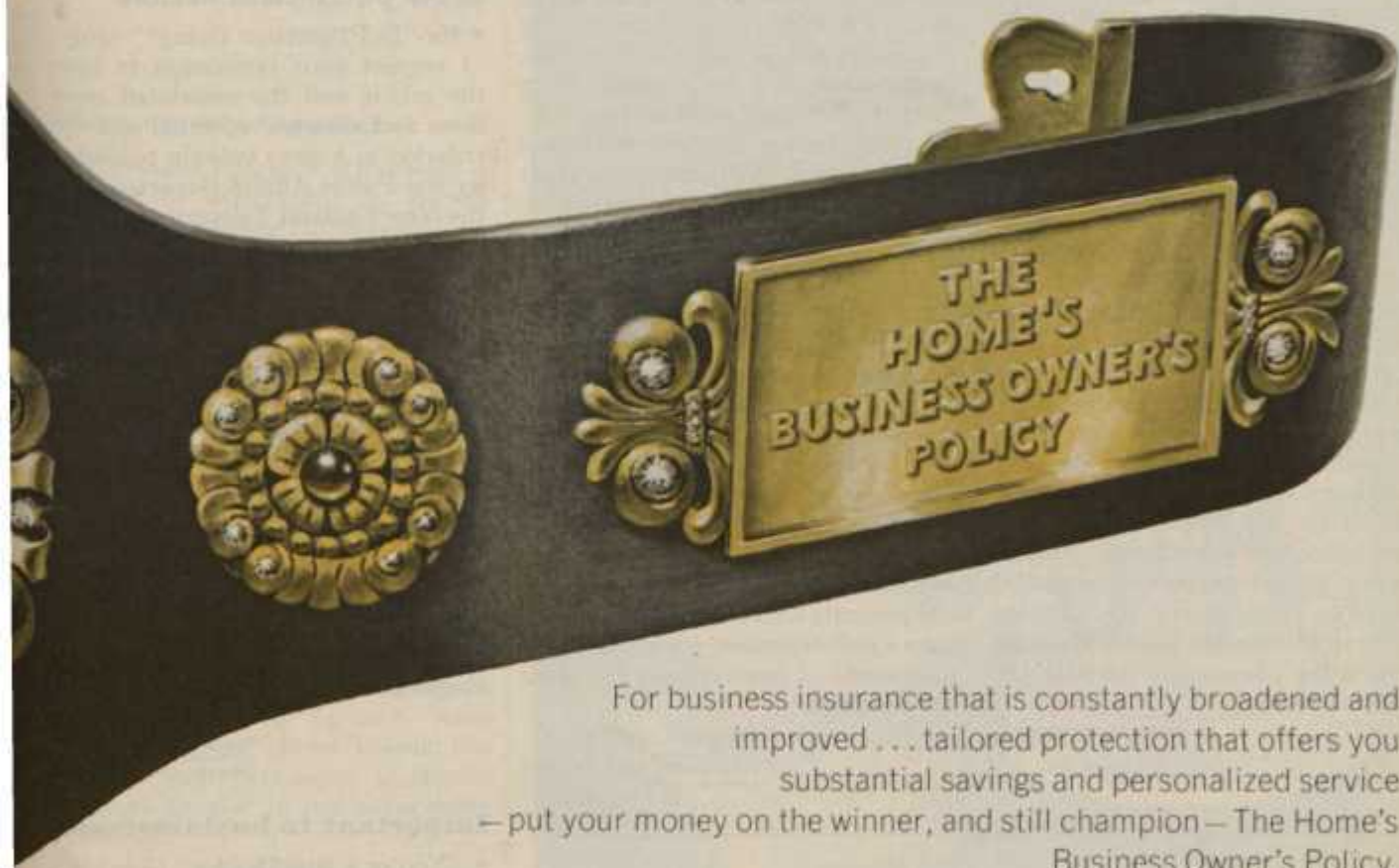


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LETTERS

TOO MANY THINKERS; NOT ENOUGH DOERS

• Your article, "Top Executives See Dip, Then Up" [July] was an excellent cross-section of the thinking of the people in important positions.

It was interesting to note that even those who recognized that lack of skilled labor was the principal reason for excessive labor cost did not recognize the cause.

I am as guilty as any executive for the cause. I raised my child to be an executive—to do the planning and thinking. Most parents have followed this same line of thinking. Now we have a vast force of planners who think up more things to be produced than we have workers to produce. That's why plumbers can demand and get \$20,000 per year, and even laborers can demand \$12,000 per year.

I remember hearing Harry Truman say 10 years ago that labor would demand and get \$10,000 per year. Even the well-informed scoffed at the idea. Old Harry was right.

Either we will create thousands of trade schools in our school system to develop skilled labor, or the skilled will be as valuable as a piece of real estate on Manhattan Island. We must balance the planning forces with the production forces.

ROBERT E. NESMITH
President
Robert E. Nesmith, Inc.
Houston, Texas

Laments Harvard's loss

• "Who Are the Victims?" [July] is indeed well written and appropriate to conditions in our country. As a former regular Army colonel who worked his way through the ranks and earned his degree at night and was privileged to continue his education to completion through the bootstrap program of the Army, I would take exception to only one statement in your article, that, "Altogether this is a small thing from the services' point of view."

On the contrary I believe the loss of men produced by Harvard is a great loss to the services and to this nation.

ROBERT FRANCIS
Manager of Manufacturing
Standard Electric Time Corp.
Springfield, Mass.

Useful to businessmen

• I want to tell you how pleased I am that NATION'S BUSINESS carried a summary [July] of the Salado, Texas, Forums for Economic and Political Discussion sponsored by the National Chamber Foundation.

It was my privilege to attend this conference, and I feel that your article will generate a lot of interest in what I term a well-organized presentation for the benefit of businessmen and their communities.

JIMMY R. PRICE
Vice President
First National Bank of Lubbock
Lubbock, Texas

Entrepreneurial character

• I was particularly impressed with the article on "Man and the Computer" [July] by Mr. Diebold. I certainly concur with his feeling that the real key to America's lead in international business lies in the entrepreneurial character of our professional managers.

Yours is a magazine which has always been in the forefront of bringing attention to business managers the important things for the future. I congratulate you on this thoughtful article.

DONALD G. DOWD
Director of Market Development
USIVAC International
Philadelphia, Pa.

Likes patriotism article

• Re "Is Patriotism Dying?" [July].

I request your permission to have the article and the associated questions and answers reprinted and distributed in a news bulletin published by the Public Affairs Department of the New England Telephone and Telegraph Co.

R. J. REARDON
General Public Affairs Manager
New England Telephone & Telegraph Co.
Boston, Mass.

Take a look at England

• I would like to commend Dante Antonacci on his letter published in the July issue.

It would appear to me that anyone with a clear insight could immediately recognize national productivity as a key factor concerning our national well-being. I suggest that those who doubt this, take a long look inside England.

GARRY L. POWELL
General Manager
Pernation Arizona, Inc.
Phoenix, Ariz.

Important to businessmen

• "You're a Stockholder" [July] is a very effective and dramatic statement about a problem that is important to every citizen and businessman in our country today.

We would like to obtain permission to reprint this editorial, with proper credit, in our employee magazine.

CYRIL A. DOSTAL
Communications Supervisor
Pickands Mather & Co.
Cleveland, Ohio

Does the shoe fit?

• May I make a constructive criticism of your article "Big Companies Foot Big Bills for U. S." [July]?

Actually, we both know that big

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business does not foot big bills, because business does not pay taxes but rather collects taxes from its customers. Too many Americans believe that business pays taxes, which is why they permit politicians at the local, state and federal level to get away with passing laws imposing higher taxes on business and in most instances endangering the companies' abilities to please customers.

Now that off-shore competition is a way of life in America, voters are going to have to understand that their jobs might depend on their employers' ability to remain competitive. Higher wages and higher taxes are paid by the customers and are reflected in the price structure.

JOHN T. MCCARTY
Assistant to the President
Rockford College
Rockford, Ill.

More on wiretapping

• The many righteous statements in support of wiretapping by respondents to your "Sound Off" survey (June) might have been different if you had phrased the question in the sense of wiretapping by government agencies which have responsibility for enforcing federal laws relating to business such as equal employment opportunities, antitrust violations and fair trade practices.

ROBERT L. WELLS
Manager, Corporate Taxes
Smith Kline & French Laboratories
Philadelphia, Pa.

Spreading the word

• I have just come across an article in NATION'S BUSINESS by Dr. Norman B. Sigband entitled "Listen to What You Can't Hear" (June). I would like to have your permission to reprint excerpts from it in our supervisory newsletter.

JOHN SISE
Mutual Life Insurance Co. of New York
New York, N.Y.

• We have found certain select articles from your issues that directly coincide with our own internal training programs. For example, the June articles titled "Listen to What You Can't Hear" and "Executives Who Will Score in the 80's."

May we duplicate these articles as supplemental material for our own management people?

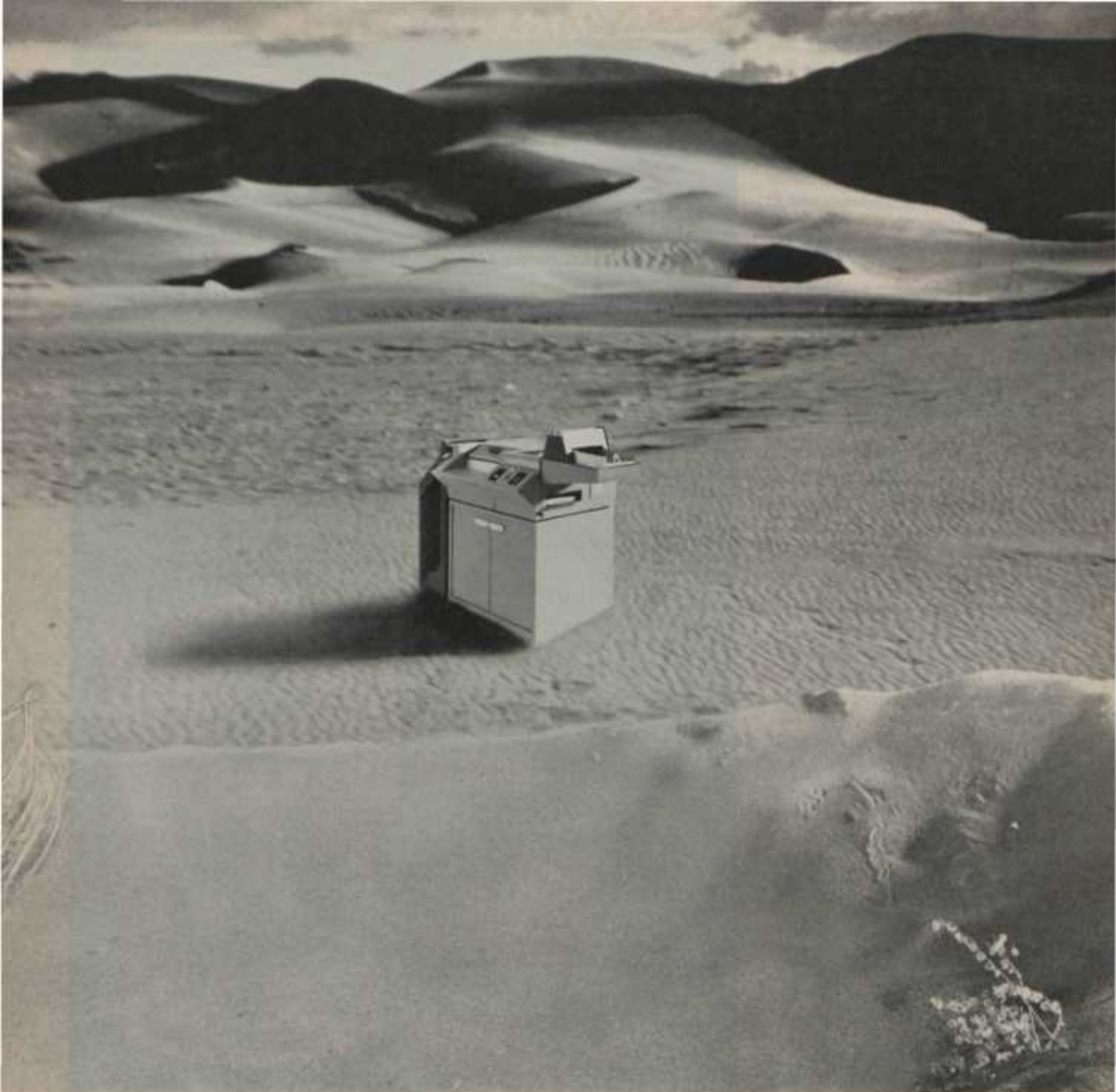
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No wonder it's the loneliest copier in the world.

For imagination
in communication, look to



MEMO FROM THE EDITOR

NATION'S BUSINESS
PUBLISHED BY
THE CHAMBER
OF COMMERCE
OF THE
UNITED STATES
1615 H ST. N.W.
WASHINGTON, D.C.
20006



This is a bongo.

CLEVELAND ZOOLOGICAL SOCIETY

Ever see a bongo?

It's a very large, very fast and very shy African antelope.

Very few people have ever seen one—or shot one either. But Maurice Stans has. The Secretary of Commerce likes big game safaris and bagged the elusive bongo several years ago when he was President Eisenhower's Budget Director.

Nowadays Mr. Stans puts in a long day in the giant old Commerce Department Building here, representing the businessman in government.

Managing Editor Wilbur Martin spent one of those long days with the Secretary to give you a picture of his work (see page 34). Martin was exhausted.

He also talked with many of Mr. Stans' associates to fill out the scope of the Secretary's activities.

As the spokesman for business within government, the Secretary is in frequent contact with the spokesman of business to the government—the Chamber of Commerce of the United States. His goal of enhancing the image of the Commerce Department is one with which all businessmen can agree.

A Cabinet member, of course, does have some well-deserved perquisites. When he has to go across Washington in a hurry, his limousine is ready. In the picture below, that's Martin to the left with Mr. Stans and his secretary.

It didn't take as much work to get the other article in this issue by a Cabinet member. Just a conversation with Postmaster General Blount, who was president of the National Chamber before he joined the Cabinet;

PHOTO: POLICE S. GARDNER



MEMO FROM THE EDITOR

continued

his contribution, "The Case for Postal Reform," is on page 52. We agree with him and believe most businessmen will, too.

• • •

The author of our cover article, The Rev. Billy Graham, is also a familiar face at the White House these days. He is an old friend of President Nixon.

We asked the famous evangelist what his answer would be to the moral decay in our society that's talked about so much. The answer is on page 46. We think you'll find it thought-provoking.

You'll get thought-provoking information, too, at the 15 Urban Action Forums to be held across the country between Sept. 22 and Oct. 10.

Cosponsored by the National and host local chambers, the Forums are designed as work sessions—without speeches or fanfare—to probe local problems and answer questions.

You'll find full details including the date and place near you on page 86.

Each Forum will include work sessions on crime, education, manpower and housing.

• • •

In the housing and construction field, the National Chamber is evolving a new plan aimed at nationwide voluntary action to solve construction problems. The idea is to form a "Construction Action Council" made

up of businessmen interested in these problems. The membership could perhaps reach several thousand.

The Council would be asked to identify obstacles in the way of housing and urban construction progress, and possible solutions. Then Council members would go to work to get the job done—each in his own community or state. If the plan is adopted, it could create a whole new action force as distinguished from those which only study problems and exhort others to solve them.

A major area of construction these days is industrial development. Nation's Business brings you a seven-article report on this important subject beginning on page 59. Experts offer helpful advice on sites in the central city, the countryside, old plants, industrial parks, Indian country and former military bases.

• • •

To provide better service for our readers and advertisers in the industrial field, Nation's Business will offer something new beginning in January. Individual advertisers will be able to direct their selling efforts selectively to you readers who are specifically interested in their products or services. It's an arrangement made possible by our computer, which will separate out 200,000 of our subscribers in the industrial field alone. The editorial content will be the same, but if you're in industry, you'll see more ads in which you're interested.

We're proud of all our readership. Independent surveys tell us that our average reader is 44 years old and makes \$20,240 a year. More than 3,250 of you are board chairmen, 115,730 are presidents, and 326,815 are owners or partners. Eighty-six per cent own your homes, 98.3 per cent own one or more automobiles and 50.4 per cent own two or more.

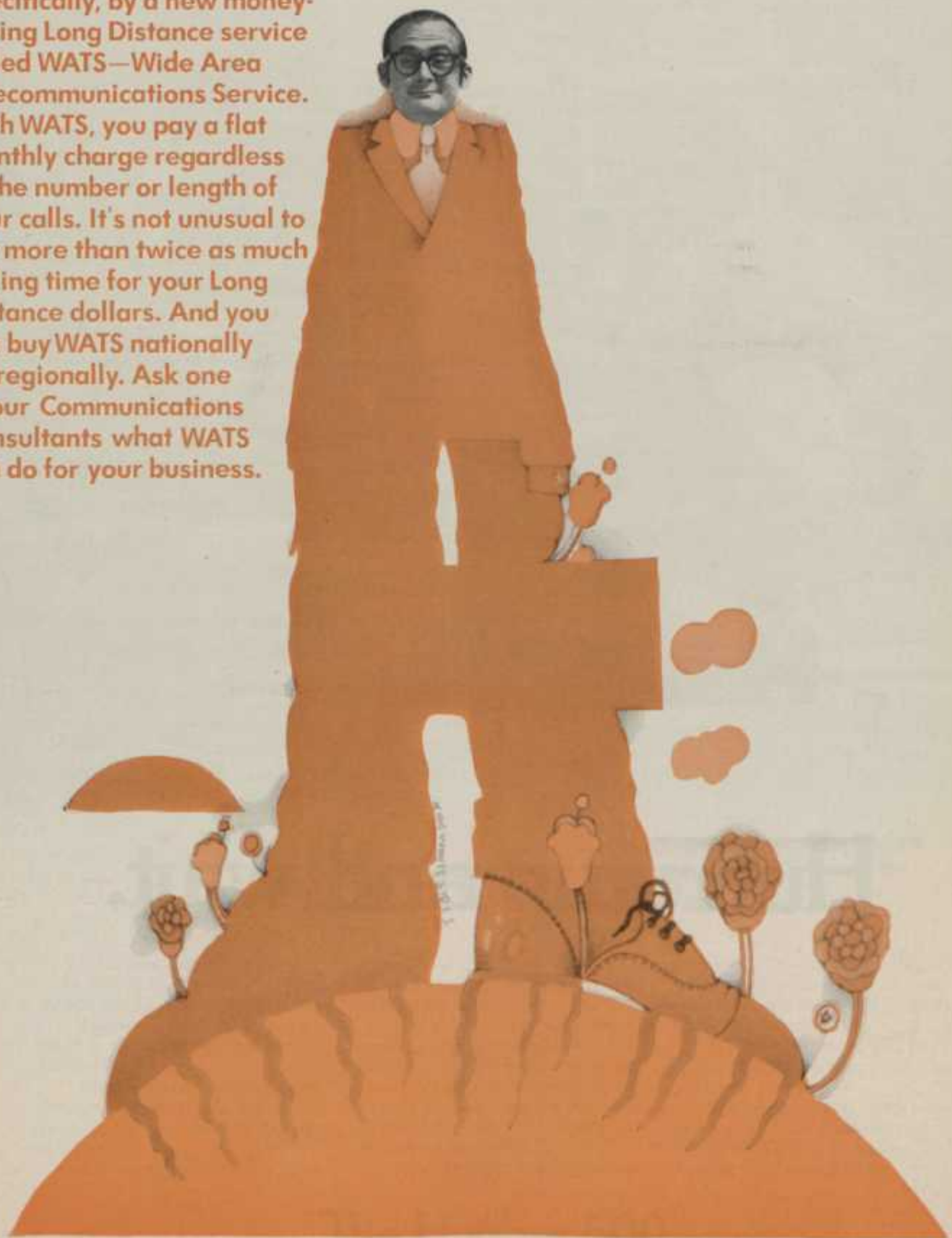
A thoroughly untypical reader—probably our youngest—is pictured at left. He's Brett Husebye, who, at two years of age, goes through Nation's Business page by page until it is tattered beyond use. His father, a surveyor, lives in Davenport, Iowa.

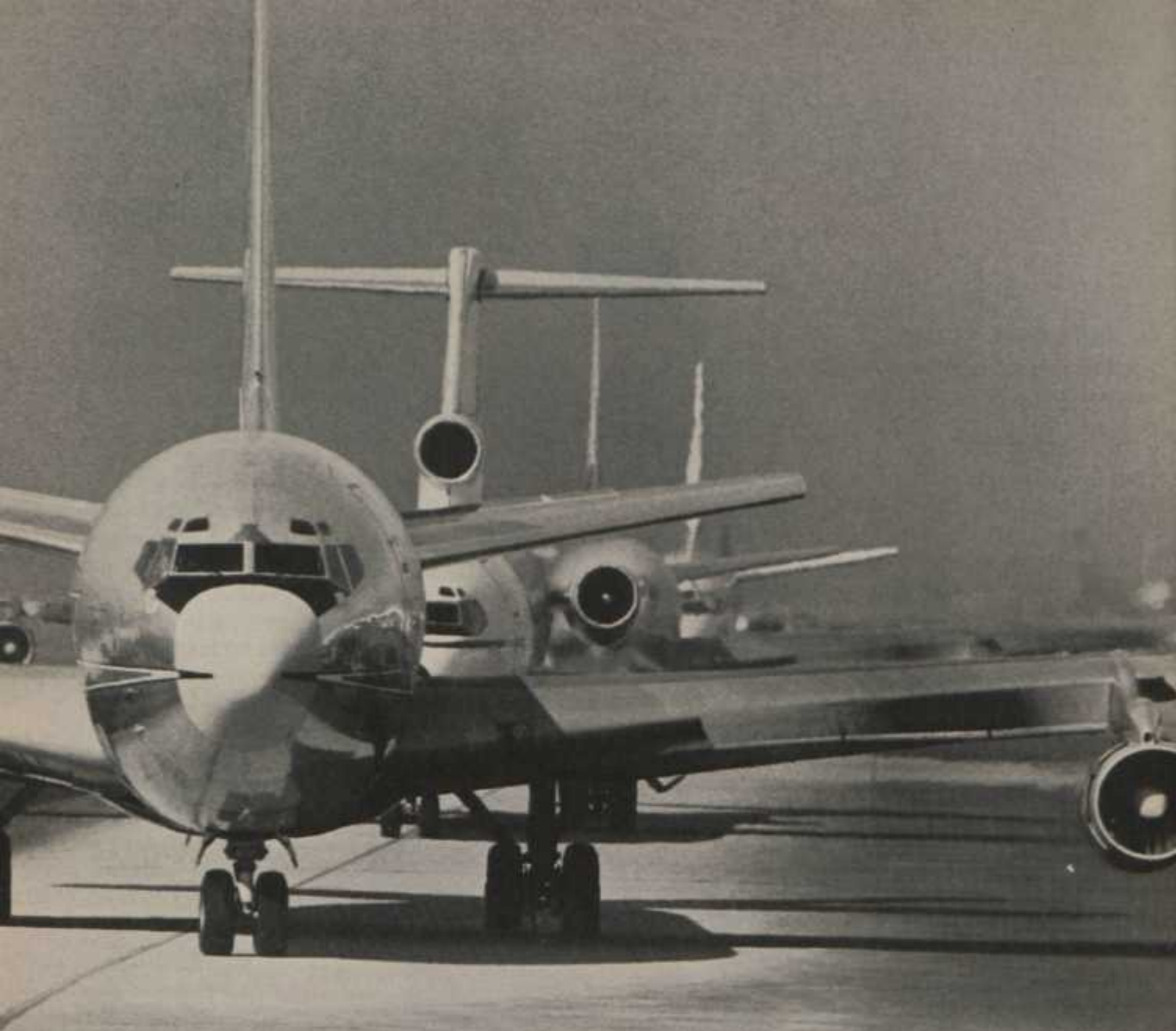


Jack Woodbridge

How to branch way out
without pulling up your roots

Cover ground by phone. Specifically, by a new money-saving Long Distance service called WATS—Wide Area Telecommunications Service. With WATS, you pay a flat monthly charge regardless of the number or length of your calls. It's not unusual to get more than twice as much calling time for your Long Distance dollars. And you can buy WATS nationally or regionally. Ask one of our Communications Consultants what WATS can do for your business.





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Dreyfuss. Turbine-smooth. And so quiet you *converse* instead of shouting. Has a great war record (military version: OH-6A Cayuse).

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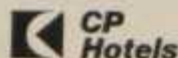
But now, how do you decide on a hotel?

Talk to us. We offer you 11 distinctive hotels. Each in a different setting but all backed by a tradition of service and experience to ensure a successful meeting, sales conference, or convention.

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Le Château Frontenac, Quebec City, Quebec.
Le Château Champlain, Montreal, Quebec.
Le Baron Motor Hotel, Sherbrooke, Quebec.
Le Baron Trois Rivières, Trois Rivières, Quebec (open late 1969).
Royal York Hotel, Toronto, Ontario.
The Saskatchewan, Regina, Saskatchewan.
Château Lacombe, Edmonton, Alberta.
The Palliser, Calgary, Alberta.
Banff Springs Hotel, Banff, Alberta.
Château Lake Louise, Lake Louise, Alberta.
The Empress, Victoria, British Columbia.



EXECUTIVE TRENDS

HIGH MARKS FOR BUSINESS

- HIT HARDEST BY HEISTS
- THOSE TRAVELING SALESMEN

How the graduates rate business

Rather highly, executives may like to know.

In a recent poll, paid for by Standard Oil Co. of New Jersey, business and industry ranked above other major institutions among college graduates. Behind it came our courts (second), higher education (third) and our political system (last).

The poll was taken by Roper Research Associates, Inc. It interviewed 1,000 of last spring's college seniors on 96 campuses. The in-depth interviews averaged 45 minutes.

Students from liberal arts, social sciences and graduate schools, as well as others, felt this way:

	PER CENT			
	Ad-	Busi-	min-	High-
	indus-	ness	ister-	er
	try	and	ing	edu-
		lit-	ca-	lit-
		ical	ical	ical
		system		
Basically sound and essentially good	39	20	19	10
Basically sound but needs some improvement	48	54	56	72
Not too sound, needs many improvements	7	21	19	15
Basically unsound, needs fundamental overhauling	3	3	4	2
No opinion	4	3	2	0.5

Thus, nearly nine seniors out of 10 held that business is sound and in

need, at most, of some improvements.

The poll showed them somewhat less enthusiastic about business leaders compared to educators and men in public office.

Quizzed on this subject, their feelings shaped up like this:

	PER CENT		
	Education leaders	Business leaders	Political leaders
Forward-looking and progressive	66	69	54
Very intelligent	80	67	58
High moral caliber	41	8	25
Competent	62	72	64
Fair in dealing with others	39	15	25
Sincerely interested in solving social problems	65	15	60
Self-seeking	38	77	60
Ruthless	1	34	9
Not sufficiently competent	12	5	14
Behind the times	26	9	24

Jersey Standard sponsored the study to get a factual insight into views of students who will be the public, as well as the employees, of tomorrow.

A 48-page summary of the study is available from Roper Research, 111 W. 50th St., New York, N. Y. 10020.

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Palo Alto Delmer Israel Company
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Macon Wilson Typewriter & Adding Machine Co.
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Monmouth Norris Office Equipment

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KENTUCKY

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MAINE

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MARYLAND

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Frederick Frederick Office Supply Company
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MICHIGAN

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Jackson Martin Office Equipment
Mt. Clemens National Business Supply
Traverse City Wares Brothers
Wyandotte Wyandotte Office Equipment

MINNESOTA

Detroit Lakes Lake Office Equipment
Minneapolis Sel-Mur Distributing Co.
St. Cloud Chader Business Equipment Co.
Worthington Davis Typewriter

MISSOURI

Cape Girardeau Carron Typewriter
Springfield Kolar's Business Machines, Inc.

NEBRASKA

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Grand Island Nebraska Office Service Co.
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Lincoln Evan's
Lincoln United Typewriter

NEW JERSEY

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Gallopis Simmons Printing
Greenville McClurg Office Supply
Hamilton National Office Products
Perrysburg Crichton Office Supply
Perrysburg Stapleton Office Supply Company

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Bend Mahoney Office Equipment
Eugene Misher's

PENNSYLVANIA

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Eastern Treheris, Inc.
Elizabethtown Engle Business Equipment
Harrisburg Phillips Equipment Co.
Harrisburg Friedman, Inc.
Philadelphia Rex-Rotary Philadelphia, Inc.
Pittsburgh Mt. Lebanon Office Equipment
Reading Penn. Audio Visual Co.
Titusville Dunn Stationery
Upper Darby Corrigan Manning Co.
York Crawford Office Machines

PUERTO RICO

San Juan Real Hermanos, Inc.

RHODE ISLAND

Wakefield Fred I. Barney Company

SOUTH CAROLINA

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Kartsville Southern Office Supply
Spartanburg Bobb Office Supply

SOUTH DAKOTA

Huron Office Machines & Supply
Sioux Falls Best Business Products
Watertown Cook's Office Machines

TENNESSEE

Shelbyville Waterman Typewriter Co.

TEXAS

Amarillo P & C Office Machines
Amarillo P & C Office Equipment
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Houston Wallace Duplicating
Houston Wilson Stationery & Printing
Odessa Permian Office Equipment
Sulphur Springs Elliott Office Equipment
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UTAH

Salt Lake City Universal Copiers

VERMONT

Bennington Evan's News Office Equipment
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Lynchburg Brown-Morrison Company
Winchester B-K Office Supply
Winchester Piter Office Supply

WASHINGTON

Bellingham Pacific Duplicating Co.
Tacoma H. D. Baker

WEST VIRGINIA

Bluefield Commercial Printing
Morgantown Barry's Office Service

WISCONSIN

Rutler Arrow Office Supply
LaCrosse Rowley Office Equipment
Milwaukee Badger Copy Supply
Stevens Point Emmons

EXECUTIVE TRENDS

continued

of paper to Charles Schwab, president of Bethlehem Steel.

"Write down the six most important things you have to do tomorrow," he said.

"Tomorrow morning, start on item one, work on it until it's finished. Then go to the next item.

"Try this, then send me a check for what it's worth."

The steel magnate used the idea, had his staff try it, then sent Mr. Lee a check for \$25,000, the story goes.

Henry Schindall, president, Henry Schindall Associates, Inc., New York management consultants, recommends an elaboration on this system. He says it saves up to 20 per cent of an executive's time.

"Throw away your desk calendar, tickler files and other records," he says.

"Then take a single, loose-leaf notebook. Use two facing pages for each day. At top left, list the most important chores to do that day. On the right, list your hourly appointments. And leave some space for notes and memos—an 'idea trap.'"

Mr. Schindall says, "You can plan up to a week or more ahead. And it will add hours to your day."

Where bank robbers strike most often

Looking for a place to locate a branch bank?

Then put it close to a police station and in the middle of the block, experts advise.

"Banks located within a mile of a police station have 50 per cent fewer holdups than those a mile and a half away," Brad G. Smart, chief special agent and security officer of the United California Bank, Los Angeles, says.

"Bank robbers always plan on a quick getaway. So they'd rather hit a bank on a street corner.

"There's more chance of being trapped if they hold up one that's in the middle of the block."

Banks in ghetto areas are held up more often, too.

"Surveillance cameras, prominently displayed, are one of the best protections against a holdup," Cameron V.

Jarrett, vice president and chief auditor of Bank of America, San Francisco, adds.

"Money's no good to a criminal unless he can spend it. And he can't spend it if his picture's plastered all over the newspapers and TV."

Both spoke at the Bank Administration Institute's recent national conference on bank security.

This rolling stone gathers moss

Mobility's a must for salesmen. At least, one new survey says so.

Last year, one out of every seven salesmen (14.8 per cent) was transferred by his firm.

Three years earlier, only one out of 12 was moved.

What's more, more moves are in store for most salesmen. Sixty per cent of those who moved last year will move again within the next five years. And 14 per cent will move within the next six months.

That's what the Dartnell Institute of Business Research reports in a survey to be released soon.

"Of course, this isn't all bad news," Dartnell says. "A transfer usually means a promotion."

But firms recognize that digging up one's roots is often painful—and expensive.

Nearly all of the 201 companies polled (96 per cent) pay for moving the family's household goods; almost all give the man's wife at least one expense-paid trip to house hunt.

Anything you can do

It's 10½ inches long, 11½ inches wide, 5½ inches high and it can add, subtract, multiply, divide and round off decimals.

SCM Corp. calls its bantam-weight, 14-digit calculator Cogito 414, and brags that it's "the smallest, American-made full-capacity electronic unit now on the market."

For a while, Japan had the pint-size calculator market pretty well cornered. SCM says its \$895 model, now freely available, means Japan has competition.

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THE LURE OF FARAWAY PLACES

BY PETER LISAGOR

Presidential travel to faraway places has become something of a staple in American diplomacy, despite the view of some stubborn souls that it is needless, diversionary and possibly risky.

It has become so fashionable, in fact, and it suits the style of Richard M. Nixon so well, that he may well set a new track record during his White House tenure. Mr. Nixon not only believes in the value of head-to-head conversations with heads of foreign governments, allies and adversaries alike, but he likes to travel. His eight years in the political wilderness included many trips abroad as a private citizen, and one of them probably accounted for his decision to visit Romania on his most recent journey.

On a visit to Eastern Europe in 1967, he was cold-shouldered by the Russians and ignored by the Poles; the Romanians, however, greeted him warmly, in keeping with their policy of an open and even-handed diplomatic stance toward all. When he became President, he undoubtedly remembered, and that, coupled with events, made Bucharest a plausible stop en route from Asia.

Within a bare seven months of his first year in office, the President has toured Western Europe, flown to Midway Island for a conference with South Vietnamese leaders, and visited five countries in Asia, as well as Romania and Britain (a second time, though it was mainly a refueling stop). Before the year is out, who knows what foreign adventures loom for a man now accustomed to the exigencies, if not rewards, of overseas travel?

This propensity for going abroad started for Richard Nixon when he was Vice President. He acted as a goodwill ambassador for President Eisenhower on almost

every continent, learned about the problems of many countries and experienced at firsthand the respect for and fear of America's power and purposes.

Indeed, his foreign travel rescued him from any possibility that he might lapse into the chafing anonymity of a Throttlebottom as Vice President. On at least two occasions he made headline news for days—on a swing through Latin America in 1958, during which he was stoned and threatened in Caracas, and on a tour of Russia in 1959 when he engaged Soviet Premier Nikita Khrushchev in the famous "kitchen debate."

The impression back home was that Mr. Nixon handled himself with great poise and dignity in both emergencies, and it undoubtedly helped to cement his already strong hold on the Republican Presidential nomination in 1960.

It is precisely the recollections of Caracas and the U. S. exhibition at a Moscow fair, the scene of the Nixon-Khrushchev exchange before a model American home kitchen, that give diplomats the cold shakes about Presidents on foreign soil. As a Vice President, Mr. Nixon could emerge from these encounters without either pride or honor being damaged. A President would not be so fortunate, assuming that the Secret Service and the security forces of the host government allowed him to be caught in situations which might prove embarrassing or dangerous.

Even displays of affection for an American President can entail hazards, sometimes of a frightening nature. This reporter remembers vividly when President Eisenhower visited India and was almost mobbed by enthusiastic Indians. As the motorcade moved from the New Delhi airport into the city, Prime Minister Jawaharlal Nehru, riding with Ike in a limousine, was so fearful that the incredibly massive crowds would crush the car and its occupants that he climbed out and mounted the back of a jeep, bull horn in hand, to exhort the

Contributing columnist Peter Lisagor is White House correspondent for The Chicago Daily News.

mob to fall back and permit the guests to proceed.

Ike had a similarly hairy experience in Seoul, Korea. Police lines broke as the motorcade reached the center of the city, and a joyously excited Korean grabbed Gen. Eisenhower's hand as he stood in an open car. The vehicle suddenly began to move, and the American President was almost jerked out onto the pavement. The adulation of a mob can be as hazardous as the fury of a mob.

Presidents travel for different reasons. Gen. Eisenhower set the modern fashion when he was convinced by his advisers that he might well capitalize on his popularity in the world in a peace-promoting tour of 11 countries in Europe, North Africa, the Middle East and South Asia in 1959, and a subsequent journey into the Far Pacific in 1960.

The latter trip was marred by the fact that the Japanese, plagued by student riots against every target in sight, including the projected visit of Ike, had to disinvite the President. The Tokyo visit was canceled as Mr. Eisenhower was being acclaimed in Manila, and it plunged an otherwise triumphal voyage into dismay. In his memoirs, Ike called the episode the greatest triumph of the communists during his eight years in the White House, concluding that the rampaging students were Red-inspired.

For all his travels, Ike never grasped that will-o'-the-wisp, peace, for which he so desperately reached. It had been his hope that he could travel in the Soviet Union as a capstone to his wartime collaboration with the Russians and his desire to lessen tensions before he left the White House.

The invitation was all set and a summit conference in Paris had been scheduled for the summer of 1960 for the Western Big Three leaders and Khrushchev. But the American U-2 spy plane was shot down over the Russian city of Sverdlovsk just prior to the summit, and with Ike in Paris, Khrushchev chose to make a global fuss over the incident. He torpedoed the conference. To this day, American diplomats believe Khrushchev feared that Ike's welcome by the Russian people would be so tumultuous as to embarrass the Kremlin leaders. Thus, he jumped at the chance to withdraw the invitation, they devoutly maintain.

Dean Rusk once wrote an article deploring too much Presidential travel and personal diplomacy, arguing that the investment of the prestige and influence of an American Chief Executive should be made sparingly and then only when his presence could mark the completion of a treaty or lend weight to some other con-

summated agreement among nations. John F. Kennedy was so impressed with the article that he told confidants it was one reason he chose Mr. Rusk as his Secretary of State.

JFK hardly heeded Rusk's advice, however, for he traveled to a summit conference with Khrushchev in Vienna in his first year, subsequently visited Germany and Italy, and made more than one foray into Latin America. Lyndon B. Johnson was more Asia-oriented and did most of his journeying across the Pacific, mainly because of his preoccupation with Viet Nam.

Mr. Nixon indicated early that he would be a traveling man in the White House. His main interest lies in foreign affairs, and he genuinely believes his knowledge of the world and his understanding of the forces at work equip him to strive for settlements of outstanding issues involving the United States with Russia, as well as with others in other regions.

Obviously, he does not share the misgivings of those diplomats who contend the world is more volatile today than it has been in the recent past. Student ferment is general, the unfulfilled rising expectations have been replaced by rising discontent, and a certain anarchic tendency has crept into movements of dissent in almost every region, they insist.

As a result, they say, Presidents take unnecessary risks by traveling to foreign countries without concrete, justifiable purposes. In most instances in the past, most of the diplomatic exchanges could have been better made by experienced ambassadors. Too much exposure of a President tends to erode his influence; he is somehow diminished by propinquity and accessibility, the argument runs. A man who maintains a certain aloofness and reserve, who manages the vast power of America with a low profile but a commanding "presence," who speaks (until it's absolutely essential that he speak directly) through trained envoys—that is the man who is strongest and has the greatest flexibility in a crisis.

The argument is clearly a futile one. The jet age allows a President to travel immense distances in a short time, and the Presidential plane, Air Force One, has almost irresistible attractions for a restless man. He can keep in instant touch with Washington and every point of U. S. concern on the globe; he has a comfortable bed on which to rest, the finest appointments available to any traveling man anywhere. It's almost a joy for him to get aboard, and it's a temptation to say that Air Force One offers him an opportunity for escapism—except that a President cannot hide, anywhere, from his problems.



Why do the Keil Bros., local florists, think it worth having a Pitney-Bowes *Touchmatic* Postage Meter behind the counter?



As you weave your way through pots of geraniums and chrysanthemums at Keils, the florists, the last thing you expect to find is the new Pitney-Bowes *Touchmatic* Postage Meter.

But there it is, in between the flower arrangements and the Florists' Mailing Guide. And Henry Keil has a strong personal reason for this business investment.

The Pitney-Bowes *Touchmatic* is an ultra-modern machine which offers many useful mailing aids. One of these is its ability to seal envelopes at the same time as it is stamping on the postage. And this is what first attracted Henry. He sends out a few letters every day plus statements at the end of every month and "sealing those envelopes

was not something to look forward to."

Of course, he needed a few more reasons for buying than just that one. And he found many. There's the fact that with the *Touchmatic*, you always have the exact amount of postage you need, on hand at all times even "for the occasional airmail, or special delivery." That it also prints postage for parcels. That it cuts down tedious trips to the Post Office. And that it keeps a record of postal expenditures for tax purposes.

The *Touchmatic* also prints a small ad beside the postage. Henry designed it himself and is pleased that "it's proved to be quite an attention-getter." It reads: "We keep America beautiful—do you?"

The Keils' colorful flower gardens alongside the Horace Harding Expressway, Bayside, New York, live up to this so well, that business is deservedly blooming. And in its own little way, the *Touchmatic* is helping. To see if our *Touchmatic* could be of any help to you—no matter what your business—call Pitney-Bowes for a representative and a demonstration.



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For information, write Pitney-Bowes, Inc., 1352 Pacific Street, Stamford, Conn. 06904 or call one of our 190 offices throughout the U.S. and Canada. Postage Meters, Folders, Mail Openers, Address-Printers, Scales, Inserters, Counters & Imprinters, Collators, Copiers, Fluidic Controls.

Why do the Keil Bros. local florists think it's worth having a Finney-Bowes Touchmatic Postage Meter behind the counter?



How to keep up with the people who go places.

Advertise here. Our readers (you and the rest) are going places. Or so it seems. A recent survey revealed you take $3\frac{1}{2}$ times more domestic air trips, spend 3 times more for travellers checks, take $2\frac{1}{2}$ more trips abroad than the average American. What's more, you spend more on business travel than the readers of all 67 other magazines studied by a major U.S. research service. And, in another research report, our audience (you) rated first among people who took auto trips over the past year. How does that move you? Well, if you've got something to advertise, we hope it moves you to put your messages here.—Nation's Business.



BY FELIX MORLEY

WHY POISON SPREADS AMID THE IVY

As a people we take great pride in being up-to-date. The latest gadget, the latest fashion, the latest song, is the "thing" for most of us. And every novelty, useful or useless, we generally take up swinging. To be behind the times is, for the average American, disgraceful.

It is therefore the more curious that in the management of our universities we have been content to follow a literally medieval pattern. We have not only tolerated but have actually cherished arrangements essentially similar to those of a thousand years ago. If a scholar of the year 969 could be dropped into the administrative offices of an American university today, he would feel more at home than in any other environment.

And this would be more or less the case in every Western country, which is a partial explanation of why student unrest is now epidemic in nearly all of them.

The medieval university was a religious creation. As the Roman empire collapsed and the Dark Ages descended on Europe, the Roman church saved the flickering torch of civilization from extinction. The monasteries which it founded, wherever the Caesars had formerly held sway, were the direct ancestors of our great institutions of higher learning.

These monasteries had few disciplinary problems. The chief executive officer, usually an abbot or other high church dignitary, had almost complete authority, subject only to some supervision of curriculum and

practice by the responsible religious order.

The faculty, all members of that order, seldom or never questioned the rules laid down. The students, working towards the priesthood or other religious office, were equally docile. Not all were guided by divine inspiration and there were many drop-outs. But every student knew that with obedience and effort he would later be assured of a living. And this was hard to come by for those who lacked the protection of either church or baronage.

This made the monasteries homogeneous and smoothly operating institutions, also facilitated by economic self-sufficiency. All of them owned broad acres, producing grains and vegetables of every known variety. Great flocks of sheep and cattle were pastured beside streams often cunningly diverted to form fishponds. Amid the ruins of many a European monastery can still be seen the workshops where cloth was spun, leather tanned, bricks manufactured, furniture carpentered with handwrought nails.

In all this communal activity, as in their prayers, students, teachers and supervisors participated side by side. The monastery, in short, was a completely integrated institution, in much more than the narrow racial sense. It is that unity, of purpose and organization, which the complex higher education of today so tragically lacks.

With the Reformation the great monastic organization was destroyed, over a wide area. And even those units which survived gradually became more and more dependent on the goodwill and support of civil government. Thus the monastery, meaning a place of

Contributing columnist Felix Morley is a Pulitzer Prize-winning former newspaper editor and college president.

seclusion for the individual, became the university, or school of universal rather than dominantly religious learning. Higher education took the road of state, not church, orientation.

In our country, not colonized until after the Reformation, there were variants in this educational evolution. Unlike Europe, until the Nineteenth Century we had no big universities, because there were no antecedent monasteries. Instead we developed the small colleges, in origin seminaries for ministerial training and numerous both because of the big area and the diversity of creeds in what became the United States.

Thus the influence of religious discipline continued here long after it had largely disappeared in Europe. As a result the relative handful of American college students were for decades more disciplined and less disposed to demonstrate than were their European counterparts.

But on both continents the organization of the old monasteries was carried over, with little consideration of its adequacy for social, scientific and technological change. As administration became more difficult the college president was still expected to be primarily a scholar. Students continued to be subjected to minute and often almost insulting regulation. Teachers retained great power without the institutional loyalty of former days. Trustees were too often chosen as prospective donors rather than for any real understanding of the changing educational scene.

Even with the rapid development of our huge State universities it has been assumed that the rigid structure of medieval times should be maintained. But within the imposing shell there has been deplorable disintegration. There is no longer internal unity—religious, philosophic, social, scholastic or patriotic—to give many of our universities significant meaning.

Today there is much new and effervescent wine compressed within the old and outworn bottles of university administration. Resultant unrest among youngsters who have been reared permissively can scarcely be called surprising. After all, the students suffer most from those academic deficiencies which have become more pronounced with swollen enrollment. They are the ones whose lives are shadowed by conscription for seemingly meaningless yet interminable wars. And it would be a dubious solution to crack down on that small minority which is obviously out for destruction rather than reform. It is the revolutionists who will gain if the real grievances of the moderates are

ignored. In this critical situation anxious parents who have proved themselves in the business world could helpfully lend a hand. The present generation of business management has learned, not without travail, to adapt itself to changing circumstances. It knows the advantages, and the limitations, of technology. It has shown the ability to withstand both the exactions of big government and big unions. This hard-won expertise could now be of incalculable value to university management.

The first step is to recognize, as do most responsible educators, that (with a landing on the moon) we have left the Middle Ages behind us. It is this which makes fundamental campus reform imperative. It will involve better integration between teachers and taught, between faculty and trustees, between college and com-

munity, with cross combinations among all these elements. Racial integration, treated as an end in itself, has ironically served only to emphasize the organic disintegration which is undermining the structure of our higher education as a whole.

The problem has many facets and bristles with difficulties, in part because we are merely beginning to understand its nature.

But in the past few months much progress has been made in bringing students, faculty and trustees into closer cooperation and in bringing younger alumni back into college activities more significant than football games. Hopefully this advance, in the independent colleges at least, will be reflected in an improved atmosphere during the academic year now opening. It will be an exacting period for university presidents who must take the lead in drawing the torn threads together into a new pattern. Fortunately, many of them have the necessary insight, ability and patience.

Much depends on the goodwill and understanding of the business community, especially those whose sons and daughters have shown themselves rebellious. In its July issue *Nation's Business* printed a disturbing article on how SDS, though itself rent into many factions, has been seeking to infiltrate industrial workers with revolutionary designs. It would be well if there were more material to show that business is also infiltrating the colleges, to lend its talents to the orderly reconstruction of institutions which need this help if they are to carry the torch of civilization onwards.

That will not be the result, if we conclude that cracking the heads of the discontented is a satisfactory cure for student riots.



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The world's most advanced scholars and scientists are at work on an agenda for man's next visit to the moon.

This creative thinking and disciplined dreaming is in progress in dozens of universities and other research centers in America, and in many others scattered around the earth.

Thus the most highly qualified inquiring minds in the Western World concentrate on how to add most to man's knowledge through Apollo 12, our next voyage to the moon.

With this vast supporting know-how and source of suggestion, the National Aeronautics and Space Administration's own highly expert scientists, engineers and administrators will program every minute of the astronauts' moon time to enable them to bring back the most valuable sources of new knowledge possible.

In this process NASA's space experts will have the counsel of similarly able people in the National Academy of Sciences, in other scientists' organizations, in the Army, Navy and Air Force, in the Atomic Energy Commission and other government agencies, in Comsat, and in whatever other pools of expert knowledge they feel the need to call upon.

This is an example of the extreme depth and wide spread of the cooperation that made possible the creation of a new space frontier by Apollo 11 in attaining man's greatest scientific breakthrough.

It's what Edwin Aldrin meant when he said:

"We've come to the conclusion that this has been far more than three men on a voyage to the moon, more still than the efforts of a government and industry team, more even than the efforts of one nation."

It's what Michael Collins referred to when he said:

"All you see is us, but below the surface are thousands and thousands of others, and to all of them I would like to say, Thank you very much."

It's what Neil Armstrong meant when he said:

"We'd like to give to all the Americans who built this spacecraft, who did the construction, design tests and put their hearts and all their abilities into this craft—to these people tonight we give a special thank you."

NASA's mission is scientific and entirely peaceful in purpose, but it draws heavily on the armed services for specialized talents.

Contributing columnist Alden Sypher is former editor and publisher of Nation's Business.

NOBODY CONDEMNS THIS INDUSTRIAL COMPLEX



BY ALDEN H. SYPHER

Apollo's program director has been Lt. Gen. Samuel C. Phillips, on loan from the Air Force. Gen. Phillips, on assignment to NASA since '64, is returning to the Air Force to head its Space and Missile Organization.

Manager of the mission at Cape Kennedy is Rear Admiral Roderick O. Middleton, who once headed the Navy's missile branch, and was awarded the Legion of Merit for his role in the Polaris project in 1961.

And Apollo 11, like many of its predecessors, was blasted off to the moon by Launch Director Rocco A. Petrone, a West Pointer with an advanced degree from M.I.T. He's been named to succeed Gen. Phillips as program director.

The penetration of this program into the nation's industrial pattern is illustrated by the fact that it took 400,000 men and women in 20,000 plants to produce parts and components for the Apollo spacecraft and rockets. NASA's total employment is only 8 per cent of that.

From the start the mission was one of close cooperation between government and industry as well as with the scientific community.

It had to be.

There were no moon rockets on the market.

NASA couldn't take bids on one.

No one knew how to build one.

And because the problems are similar—you can't buy moon landing modules off the shelf just as you can't buy a squadron of supersonic fighter planes out of stock—NASA developed procurement methods very much like those that have brought criticism of the Defense Department's "military-industrial complex"—terminology that downgrades cooperation.

But no one is criticizing NASA. Politicians don't

argue with that kind of success. The Saturn launch vehicle that boosted Apollo 11 into space was developed by NASA's Marshall Space Flight Center at Huntsville, Ala., directed by Dr. Wernher von Braun, who was technical director of Germany's rocket program at Peenemunde until he and 120 of his colleagues were brought to the United States in 1945 under contract with the Army.

Saturn is the multistage power plant that blasted six million pounds of vehicle, men and exquisitely controlled explosives into space, and America into the forefront of the world's technology.

In it were several of the 94 engines that had to fire perfectly, in split-second timing—some in environments unknown to man—to get Apollo to the moon and back.

The Saturn launch vehicle alone contains 5.6 million parts. They come from across the nation with dozens of contractors producing the various stages.

Boeing is system contractor for the first stage. Other principal prime contractors and subcontractors—for the first stage alone—include such well-known names as Allen-Bradley, Bell Aerospace, Bendix, Eagle-Picher, Federal-Mogul, Garrett, GE, International Harvester, IT&T, Johns-Manville, Ling-Temco-Vought, Martin Marietta, Raytheon, Sprague Electric, Thiokol Chemical and Westinghouse Air Brake.

System contractor for the second stage is North American Rockwell. The list of principal prime and subcontractors includes Anaconda American Brass, Borg-Warner, Goodyear, Teledyne and some of the first stage builders.

McDonnell Douglas is third stage system contractor. Other names on this list include American Machine & Foundry, Bell Aerospace, Bell & Howell, Fairchild, Fansteel, Honeywell, Litton, Motorola, Puro-lator, Sperry Rand and Texas Instruments.

While Grumman spent years developing and building the lunar module, it had the help of Aerojet-General, Avco, Collins Radio, Corning Glass Works, GM, MIT, RCA, Sylvania, TRW, Inc., United Aircraft, Westinghouse Electric and a dozen more.

IBM produced the instrument unit, with the help of 19 other prime and subcontractors.

How was all this done?

When President Kennedy in 1961 set the goal of putting men on the moon and returning them to earth in this decade, NASA directed all its energies toward that end.

Although they've been largely forgotten, there were failures. Of nine Rangers, No. 6 hit the moon in 1963. No. 9 gave us the first television of the moon's surface.

When Neil Armstrong first stepped gingerly from

Eagle's landing pad to the moon's surface, he did it with the knowledge that we had bounced a Surveyor on that surface, and it had not fallen through. That's how we learned the moon has bearing strength for men and vehicles.

Such logical steps of development come through closely-knit working relationships between government and industry and science.

Intentions, problems and goals are circulated through the National Academy to the scientific community. Specialized groups gather to consider objectives and make recommendations. Experts within NASA are assigned to keep constant communication with their scientist counterparts.

Other NASA specialists keep up with scientific and engineering developments in schools.

Determining what theoretical knowledge may be turned to practical use, and how it may be done, is NASA's responsibility. Often it enlists the aid of industry in such determinations.

Developments usually come in research contracts made by NASA with outside firms. These are negotiated contracts made with the firms most likely to succeed in the development because of special qualifications in the area being researched. Sometimes, in particularly difficult searches, two or more teams are put to work on parallel contracts.

If study results are promising, the next step—development of the hardware involved—is covered in a succeeding contract, also negotiated. This usually goes to the successful study contractor, for he already has demonstrated the necessary capabilities.

Last year 64 per cent of NASA's contracts were competitive, in that negotiations were carried on with two or more qualified firms before contracts were made.

Among the 64 per cent are 2 per cent that involved taking bids on off-the-shelf items. Nearly all of these were for housekeeping supplies.

The other 36 per cent of NASA's contracts were negotiated with the firms the agency's experts believed were most likely to achieve the desired results.

NASA is very proud of what its administrators generally consider extremely effective cooperation with American industry.

But NASA views just about everything it does these days with tremendous pride. That's understandable.

Scientists still were puzzling over the texture of the moon core that looked moist to Apollo 11 astronauts when a NASA man at Cape Kennedy said:

"I'm not in the scientific end of it, and I don't know what that moisture is. But I sure as hell know what it isn't. It isn't vodka."





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THE POPULAR VOTE IS POPULAR

An overwhelming majority of the leaders of state legislatures favor a change in the method of choosing a President, with direct popular election the favorite choice by far.

Those are key findings of a NATION'S BUSINESS survey to determine the thinking of influential figures at the state level, where the final decision will be made, on the various proposals for a constitutional amendment to change the method of selecting the nation's Chief Executive.

While the spotlight remains on continuing deliberations in Congress, a vital question is whether any amendment sent to the states could gain ratification in 38 legislatures.

Nearly 120 of the men who serve in the states as speakers of lower houses, presidents of Senates or majority or minority leaders voted 6 to 1 in the survey for a change in the Presidential election system. At least one leader from every state participated.

"Any change has to be an improvement," one commented with an air of desperation.

More than two thirds of those advocating a different system endorsed the direct popular vote.

Slightly over 20 per cent supported the district plan, in which one elector would be chosen from each Congressional district and two at-large in each state. Their electoral votes would go to the candidate who won the popular vote in their district or state.

The balance of sentiment in the poll favored:

State legislative
leaders chorus:
Let majority
rule pick
our Presidents

- The proportional plan, in which the electoral vote would be divided in the same ratio as a state's popular vote.
- Retaining the present "winner-take-all" electoral system but requiring electors to reflect the popular vote and, in case no candidate gets an electoral majority, giving each House member, instead of each state's delegation in the House, one vote.
- No change at all.

Both the district and proportional plans would retain the present allocation of electoral strength—each state with a number of electors equal to the total number of Representatives and Senators it has in Congress.

The extra voting strength smaller states derive from automatically having two electors corresponding to their two Senators regardless of population has been a particular target of the direct vote partisans.

The example most frequently cited is that of Alaska, where each Presidential elector represents 85,000 residents, and California, which has one elector for every 500,000 citizens.

But other critics of the Electoral College argue that giving a candidate all of a big state's electoral votes, no matter how close the popular count, works against smaller states.

Cite colleagues' sentiment

Of the legislative leaders favoring the popular vote system, 75 per cent indicated they felt their respective houses of the legislature would approve, although some conditioned their optimism and said it would take an all-out campaign.

Their strong support for choosing the President by popular vote reflects the broad, grass roots backing for the change evident in various opinion surveys.

An upsurge of interest and concern was generated during the 1968 Presidential campaign. It appeared then that the "constitutional time bomb," as one critic has called the present electoral system, was going to go off and the choice of a President become bogged down in wrangling and dealing in the Electoral College or the House.

The close call was enough to get Congress moving early in this session on legislation to change the system.

The House Judiciary Committee has approved a resolution calling for a constitutional amendment that would put Presidential elections on a direct, popular vote basis and the Senate Judiciary Committee is expected to follow suit.

Despite the high level of interest in change, particularly in the direct vote plan, it is by no means certain such an amendment will be adopted quickly, easily—or at all.

Small state issue shrinks

The NATION'S BUSINESS poll demonstrated that one of the thorniest problems confronting the framers of the Constitution, protecting small-state interests, has faded in some smaller states, but not in others.

Howard F. McKissick Jr., speaker of the Nevada Assembly, gave one of the most succinct endorsements to the direct vote system: "It is the fairest. It is the most popular and best understood."

Gordon McGowan, president pro

The Popular Vote Is Popular *continued*

tempore of the Montana State Senate, was more eloquent in a handwritten reply on a letterhead bearing the legend, "The Big Sky Country":

"The person receiving the largest number of votes should be the winner. . . . In our American life a team or an individual that scores the most points, as long as it is accomplished within the rules, is the winner. This process is as American as apple pie and I believe the system favored by the majority of voters."

George C. Herring III, speaker of the House in Delaware, one of the smallest states, called for "straight election by popular vote because democratic rule is founded on expression by majority vote."

But Thomas B. Avery, majority floor leader of the Tennessee House, said in endorsing the district system that it would "preserve the additional weight allowed small states by the Constitution."

"States and regions need to retain some autonomy," said John D. Vanderhoof, speaker of the Colorado House, who also called for the district plan.

Concern over protecting regional interests is by no means limited to smaller states. Speaker Bob Monagan of the California Assembly expressed "reservations about the wisdom of direct popular election because of the emphasis it puts on a simple majority without regard to a balancing of the various regional interests in the nation."

He added: "Neither a strong majority nor strong regional interests can be ignored if we are to achieve some degree of national harmony and unity and the present electoral system strikes a balance."

And Earl W. Brydges, temporary president of the New York Senate, commented that "the present system, while it has imperfections, has worked well and also preserves the influence of the larger states."

Appendage removal

But Jess Unruh, now minority leader of the California Assembly, viewed electoral reform this way:

"No modern politician who values his profession dares to argue that the American electorate is incompetent to elect the President of the United States. If this is so, all rational argu-

ment against popular Presidential election disappears. The Electoral College is a useless and occasionally dangerous appendage on our body politic. It must be removed."

O. J. Goodwyn, president of the Alabama Senate, said direct election would be "the most democratic way and, in my opinion, would eliminate the division of the nation into minority groups."

Brad Phillips, Alaska Senate president, said the general feeling in his state was that "the present electoral system has the potential of frustrating the popular vote."

Robert F. Smith, speaker of the Oregon House, asserted that "the present system has outlived its usefulness. The only viable alternative which has been proposed, and one which the electorate would easily understand, is the direct popular election of the President."

"It is much more sensible to have an election settled on the basis of the popular vote, regardless of the margin, than to turn an election over to the House of Representatives and kick the door open to the possibility that a candidate not receiving the highest number of votes is elected President."

City machines suspected

On the other side, Dexter H. Gunderson, speaker of the South Dakota House, was emphatic in rejecting the popular vote plan: "The giant city machines seem to vote in peculiar patterns, leading one to believe that these election outcomes could be rigged."

Marshall W. Cobleigh, speaker of the New Hampshire House, said a direct election system involves many pitfalls, including the prospect of an outcome so close a nationwide recount is needed.

William L. Sullivan, temporary president of the Kentucky Senate, said direct popular election "ignores the rights of the states of more sparsely settled areas. I feel that our forefathers meant for such rights to be protected."

While leaders in such larger states as Michigan and Illinois endorsed direct popular voting themselves, they expressed doubt over whether their legislatures would ratify such a change.

"Unfortunately, the development of



Earl Brydges, temporary president of New York Senate, opposes change, says present system "has worked well."

a new system is not as easy as criticizing the present," wrote W. Russell Arrington, temporary president of the Illinois Senate.

Nevertheless, the issue appears to be shaping up as one between a direct popular vote or no change at all. Capitol Hill sources close to the situation say it would be difficult to rally the two-thirds vote needed in each house for the popular vote plan but altogether impossible to win that much backing for the district or proportional plans, or lesser modifications.

And gaining approval of three fourths of the states is no easy matter, even with issues far less controversial than that of how a President should be elected, the Congressional experts say.

Howard F. McKissick Jr., speaker of Nevada Assembly, backs popular vote as "fairest . . . best understood."





PHOTO: JUEL STRASSER—PIA

Speaker Dexter Gunderson of South Dakota sees possibility of "rigged" elections under popular vote plan.



PHOTO: AP PHOTOGRAPHERS—PIA

Majority Leader Thomas B. Avery of Tennessee House says district plan would preserve small states' voice.

The most recent constitutional amendment, Article XXV on Presidential Disability and Succession, had little opposition when it was submitted to the states in July, 1965. But it was February, 1967, before it finally was ratified.

That type of delay is a reason why backers of the direct vote amendment are planning to keep the pressure on to get it to the states as soon as possible. They know that, despite the heavy support from many of the legislative leaders, there may be hard going among rank-and-file lawmakers in some states.

(Backers of the popular vote plan were greatly encouraged, however, when a poll of nearly 4,000 legislators in 27 states showed almost two thirds

of those responding favored that method of choosing a President. The survey was made by Sen. Robert P. Griffin (R-Mich.), who said he was now convinced the direct vote method stood a better chance of gaining state approval than either the proportional or district plans. He had favored the proportional system.)

The various efforts to determine sentiment throughout the country are thus continuing to show that support for a popular vote amendment is far more extensive than had been generally realized.

One reason may be that offered by Montana's Gordon McGowan: "Most people find it hard to believe that the candidate with the largest popular vote might not be President." END

Jess Unruh, minority leader of the California Assembly: "The Electoral College... must be removed."

PHOTO: UPI



Gordon McGowan, president of the Montana Senate: Winner should have the largest number of votes.

PHOTO: YAW PHOTO SHOP—PIA



WHAT MIGHT HAVE BEEN

Backers of a change in the method of electing a President say American voters shouldn't let time dim the memory of how close the country came to a constitutional crisis in the last national election.

While President Nixon won a clear-cut, 302-191 electoral victory, a shift of a relative handful of votes could have made a big difference.

As the counting continued into the day after election, third party candidate George Wallace had 45 electoral votes, Mr. Nixon had 261 and the then Vice President Hubert Humphrey had 166. Contests in four undecided states with 66 votes were excruciatingly close.

Mr. Nixon won Illinois' 26 votes in a cliff-hanger, thereby going over the 270 electoral votes needed for election. He later picked up Missouri's 12 votes, which also would have been enough.

But a change in only 72,000 votes out of a total of 6.2 million cast in Illinois and Missouri would have denied Mr. Nixon an electoral majority without giving Mr. Humphrey one.

The result undoubtedly would have been prolonged wrangling and wheeling and dealing in view of Mr. Wallace's campaign statements that he would bargain, either in the Electoral College or the House, for support for his policies in exchange for his backing.

On the other hand, Mr. Humphrey could have won an electoral majority with a change of less than 150,000 votes out of 13 million cast in Illinois, Missouri, Ohio and New Jersey, and won the Presidency while Mr. Nixon was winning the popular vote.

Had either candidate failed to get an electoral majority, the Senate would have chosen a Vice President, while the House was deciding on a President.

If the Presidential selection in the House bogged down, the Senate conceivably could have acted first and that Democratic-controlled body might have chosen Sen. Edmund Muskie as Vice President. When the House doesn't decide on a President, the Senate-chosen Vice President acts.

The result could have been, under the present electoral system, a period in which the Chief Executive was the No. 2 candidate on a slate rejected by voters.

Such possibilities are very much in the minds of those advocating a change in the present system. END

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It's 8:29 a.m. and Secretary of Commerce Maurice Stans stops for a quick check of memos before starting his daily staff conference.

SUPERSALESMAN FOR OUR SYSTEM



PHOTO: SUICKI B. GREGORY

You know what it's like to run a business; but do you know what it's like to run a huge government department concerned with business? Here's a look at the way Maurice Stans, Secretary of Commerce, operates

When Secretary of Commerce Maurice H. Stans steps briskly into his office each morning his secretary knows he is carrying a pocketful of notes and memos.

"Certainly, I'm a note-jotter," he agrees. "You can't trust your memory in a job of this scope."

The job, as Secretary Stans sees it, is to support and build the competitive American enterprise system.

To do this, he says, he wants to expand the Commerce Department's "concept of service to the country as if we were called the Department of Economic Development. That's our real role.

"I want to change our image, too. It hasn't been as good as it should have been. I want it to be positive."

Mr. Stans goes about reaching for this goal in the no-nonsense way that has characterized his entire business and public life.

The former Director of the Budget in the Eisenhower Administration budgets his time, and he sets priorities.

"You have to," he explains. "It's the only way you can accomplish anything."

Subordinates know that when he opens his official day with a staff meeting at 8:30 a.m. it will start right on the dot.

"Good morning," he greets his key staff: Under Secretary Rocco C. Siciliano, the Congressional liaison director, the general counsel and the public affairs secretary.

"What new problems do we have today?"

The problems with which the Secretary of Commerce and his Department cope vary from the critical balance of payments situation in international trade to preparing to count the nation's population, to finding ways to give minority businessmen "a piece of the action" in today's economy.

"Government conglomerate"

There's an annual budget of around a billion dollars and there are some 20,000 employees. The principal units in which they work:

- The Bureau of International Commerce, concerned with expanding U. S. exports and foreign imports.
- The Office of Business Economics, which forecasts the manner in which

Supersalesman for Our System

continued

the nation's economy will behave.

- The Bureau of the Census, which conducts numerous special surveys as well as the population count every 10 years.
- The National Bureau of Standards, now engaged—among other things—in a study of whether the U. S. should switch to the metric system.
- The Environmental Science Services Administration. This includes the Weather Bureau, Coast and Geodetic Survey and Central Radio Propagation Laboratory.
- The Patent Office.
- The Economic Development Administration.
- The U. S. Travel Service, which promotes travel by foreigners to this country.
- The Maritime Administration.
- The Office of Foreign Direct Investments, which administers curbs on capital exports.

To gain an insight into how the Nixon Administration's Secretary of Commerce operates as head of what he terms "this conglomerate of government," a *NATION'S BUSINESS* editor spent a work day with him, and talked with his associates and others.

He has homework

A day for distinguished-looking, gray-haired Maurice Stans, 61, typically begins as he skims the newspapers at breakfast. It usually finds him leaving the office around 6:45 p.m. with a huge stack of homework.

When he steps out of his official limousine at one of the entrances on the Fifteenth Street side of the giant, gloomy old Commerce building that sits between Pennsylvania and Constitution Avenues, he is whisked to his fifth floor office by a small, automatic elevator reserved for key Department officials.

The handsomely-paneled office is huge, and there's just one desk at the very end. But on one side—giving it a more homey touch—is a living room grouping of two chairs in front of a fireplace and across from this, a sofa and chairs. It is here that most visitors' conferences are held.

Portraits of past Secretaries, and a



It's a working lunch, discussing matters of interest to the Commerce Department with Harry S. Dent, deputy counsel to President Nixon.

few pictures of African big game safaris Mr. Stans has made, adorn the walls.

In a prominent place in back of his desk is a framed question: "Why?"

This tells you a lot about Secretary Stans.

"A good part of this job is asking questions," he says as he quickly riffles through his "in" basket. "If you ask enough questions, you're going to bring some good ideas to the surface. And you're going to find out what's wrong with some ideas."

The Secretary is a man of immense capacity for work.

"He not only wants the broad picture," says a close associate, "but also the details. You don't just send up the skeleton of a program for his consideration. A lot of us have found out you'd better have it backed up with details."

One reason he is able to cope with mountains of detail is the ability to give intense concentration to the work at hand, then shift to an unrelated subject and do the same thing.

"I suppose it is my training," says the Secretary. "And," he adds with a laugh, "when I was Director of the Budget, it was something you just had to do. You might be analyzing Agriculture's proposals one hour and the next, Defense."

Perhaps it's because he sticks strictly

to the subject, with no idle chitchat—he has a knack for keeping others exactly on the conversational target, too—that Mr. Stans has acquired something of a reputation as a stern, even foreboding executive. But he has an intense feeling for people and their problems.

Boosts for depressed areas

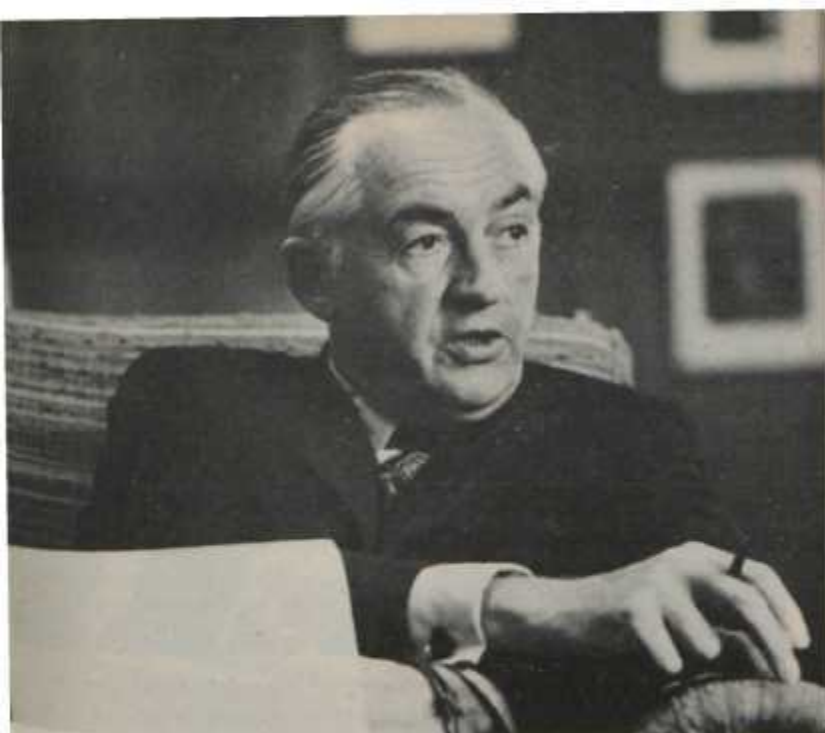
Witness his special interest in the Office of Minority Business Enterprise, a new unit which aims to bring members of minority groups into business.

"I think we have to be realistic," the Secretary says. "We're not going to have instant millionaires. We're going to have to start small—putting these people into ownership of small business. But remember, that's the way the American economy began—with shops and stores."

"There's a great potential here, especially in franchises. We can do the job. I've certainly been encouraged by the way business wants to cooperate."

"Where we can be of especial value is to create a sense of ambition and desire among these groups. You know, what minority people really need is a Horatio Alger. I think we can be an information bank of success stories."

Another unit of Commerce with social aspects is the Economic Develop-



"You can't trust your memory in a job of this scope," Secretary Stans emphasizes, and he keeps note pad handy.



His limousine is a second office. The Secretary talks with Wilbur Martin of Nation's Business while Miss Arden Chambers, Mr. Stans' secretary, is ready to jot down memos.

ment Administration, which aims to help depressed areas bring in industry.

"I want you to fill me in on what you're doing," the Secretary tells this unit's officials at one of the meetings he regularly holds with those who run each branch of his Department.

Sitting at the end of a long table in one of the numerous conference rooms scattered over the two-block long building, he breaks in frequently with questions.

"How much money is this project going to cost? What's the starting date? How many groups are involved in its development?"

The Secretary listens quietly while EDA officials outline what they describe as an extremely promising project—creation of an industrial park, with a potential of 2,500 jobs, in Los Angeles' Watts area.

"Always keep in mind we want to get projects rolling and then we want to get out and let them run themselves," he admonishes.

"Send me a memo with details of each of the big applications you receive. And what the potential is, in your opinion. I've got every confidence in the way you run your shop, but I want to know what you're doing. And I want you to know the top knows what you are doing."

The Secretary's day is neatly detailed on a large desk blotter, in half-

hour segments. While it is programmed in advance, and he personally okays appointments, events can change it—a call from the White House, for instance, on a matter of Commerce's concern (the Secretary always answers the White House line himself).

The Secretary's friendship with Richard Nixon dates back to the Eisenhower years, and he was the chief fund raiser for Mr. Nixon's '68 campaign.

"I try not to bother the President with details," he says. "Of course, on certain specific subjects, I will see him alone. But most of my dealings with the President come at Cabinet meetings. Here the President can get an organized view of things."

The President enlarged Secretary Stans' Cabinet role by placing him on his Urban Affairs Council—Mr. Nixon stresses business' role in solving problems of the cities—and on his Cabinet Committee on Economic Policy. These high-level bodies generally meet every two weeks and each meeting runs about two hours.

Reasoning on foreign trade

International trade was at the top of the Secretary's list of things for immediate attention when he took office. He made an extensive tour of Europe and visited Japan to discuss it, emphasizing a prime concern—

what he calls the "flood tide of textiles" coming into this country from abroad.

"All we want is for foreign exporters to be reasonable," he says. "It isn't unreasonable to ask that they not increase exports by 60 to 70 per cent a year."

He pointedly notes that the U. S. is the "only open market for certain types of textiles in the world."

It is his belief, as an advocate of free trade, that if other nations aren't "reasonable" about these exports, a rising mood of protectionist sentiment here is almost certain.

Meantime, he's out to persuade foreign nations to ease up on trade restrictions, which he says are "rampant" abroad.

"There are not only the written rules," he comments wryly, "but the unwritten rules."

He likes to recall a story told to him by Britain's Prime Minister Wilson at a London meeting. Mr. Wilson, whose country is not in the European Common Market, said trade restrictions had caused such agricultural surpluses among Common Market countries that "they are experimenting in feeding butter back to the cows."

After his opening staff conference (where no new major problems are reported), he sits down for another half-hour conference with trade aides:

A group of government interns gets a firsthand view of the world of Commerce.



"We want to get programs rolling, then let them run themselves," Mr. Stans stresses at a briefing of Economic Development Administration staff officers.

Supersalesman for Our System *continued*

"Okay, Larry," he tells Lawrence A. Fox, deputy assistant secretary for trade policy. "How do we stand?"

Mr. Fox and Assistant Secretary of Commerce Ken Davis bring him up-to-date on various proposals.

"Will this get wide support?" he asks at one point. "You've got to be sure."

Messrs. Fox and Davis come well prepared for any meeting, as do most Commerce officials. They pull out supporting data and Mr. Stans scans it. He's a quick reader, with a prodigious memory.

The next appointment also is on the subject of trade—Yugoslav Ambassador Bogdan Crnobrnja calls to discuss problems connected with the proposed purchase by his country of some U. S.-made aircraft.

"We certainly are interested in your problems, Mr. Ambassador," the Secretary assures him. He knows officials at a New York financial institution the ambassador inquires about and agrees the Department will apprise them of its interest in the transaction.

"We would like to have you visit our country," says the ambassador.

"I hope I can one day," the Secretary responds.

The secret of safety

From the subject of trade, he switches to a subject closer to home, presenting safety awards to Department heads who have compiled out-

standing records in accident-free operation.

"I don't know what your secret is," he tells them, "but I wish you could spread it around."

Then he goes to a gathering of White House Fellows, a group of young men and women who serve as interns for a year to gain knowledge of how government works.

"I'd say I'm on my feet two or three times a week making speeches like this," he explains.

"Don't belittle our competitive society of industry and commerce," he tells the students.

"It has given us everything we have and it can give us everything we want."

"Don't downgrade the future. You can play any part you want in an unbelievably better world."

"Don't sell the American system short. Before you let anyone attack it, ask him to show you something better."

The White House Fellows are intrigued with the Secretary's "mark of the hunter," a bracelet made from the tail of an elephant he killed on one of his nine African safaris.

"There's a superstition that if you rub this three times it will change your luck," he tells Dr. Caro Luhrs, one of the Fellows.

He speaks candidly of the Department.

"Its prestige is not nearly as great as it should be."

"It's been on the decline and, frankly, I think the reason it has not been reaching its full potential is because we have had some Presidents who had less than average interest in business."

He makes it plain this is not true today.

Government agency spin-offs

One problem of Commerce, he believes, is that it has been a "conduit to gather agencies and spin them off." A good part of the newest Cabinet department, Transportation, was taken out of Commerce.

The Secretary's role is multi-faceted: administrator, catalyst for ideas and persuasive salesman of Administration and Department programs to Congress, business, and foreign officials concerned with international trade.

And it is ceremonial.

One ceremony he attends this day gives him particular pleasure. It is the swearing in of J. William Middendorf II of Greenwich, Conn., a friend, to be ambassador to The Netherlands.

Mr. Stans chats with Budget Director Robert Mayo and Secretary of State William P. Rogers in the State Department's ornate reception room.

"I'm particularly glad to see the Director of the Budget here," Mr. Rogers quips.

"We've been having some problems

An hour at the end of the day is set aside for the Secretary to dictate to his secretary.



with Budget over our budget.'

Another ceremony honors three veteran Commerce employees for distinguished service.

To the group that assembles in his office, the Secretary speaks feelingly of the people who work under him. He also insists the three men's wives share honors as pictures are made.

"I know you play a large part in your husbands' careers," he says.

The Secretary sets aside an hour at the end of the day for disposition of the bulk of his mail, and another for dictation.

The Secretary's decisions on disposition of mail are clear. So are his letters.

"He's an easy man to take dictation from," comments his secretary, Arden Chambers.

He scans a memo concerning the 1970 census.

"I think I must have spent as much time on matters about the census as anything I've done," he muses. "A total of 130 Congressmen have joined in support of an 'invasion of privacy' bill that would curtail census questions. You've just got to realize that the entire government depends on data from the census. So do the states. We couldn't operate without this data. There is no such thing as an invasion of privacy in this census."

Knowing exactly what he is going to do is a life-long habit of Secretary Stans, sharpened by his background.

A certified public accountant, he formerly was executive partner of the national accounting firm of Alexander Grant & Co. He resigned as president of Glore Forgan, Wm. R. Staats Inc., investment bankers, on becoming a Cabinet officer. His career also has included serving as vice chairman and a director of the United California Bank and as president of Western Bancorporation in Los Angeles.

A Minnesota native

A native of Shakopee, Minn., he was educated at Northwestern and Columbia Universities.

His first experience in government came in 1953 when he served on a task force aiding the House Appropriations Committee in reviewing the federal budget. He subsequently made a special study of the postal fiscal system, became a deputy postmaster general, deputy director of the Budget Bureau, and then director.

One of Secretary Stans' aims is closer cooperation with other government agencies.

"I don't want the Labor Department to think everything that comes out of Commerce is bad for labor, just as I don't want us to think everything that comes out of the Labor Department is bad for business."

"I want us to think in terms of the American economy as a whole."

It is hard to characterize any day

in the working life of the Secretary of Commerce as typical. On one particular day, there might be a Cabinet meeting. On another, it might be testimony before a Congressional committee. Or, attendance at a major trade gathering.

The Secretary usually has a working lunch, often with executives of business organizations, or with government officials, such as Harry Dent, chief political aide to the President. These are held in a small room just across the corridor from the Secretary's office or a larger private dining room in the basement.

Mr. Stans is on the phone frequently with business and industry leaders.

Often there are interviews with columnists and newsmen (he once wrote a nationally-syndicated column dealing with financial and business affairs).

But on any day, Secretary Stans moves from meeting to conference to desk work in a quiet, unflappable manner.

Time to take it easy

His principal relaxation is a nightly swim at the Watergate Apartments, where he and his wife live (as do numerous other ranking Administration officials and U. S. Senators).

Mr. Stans' chief recreational love is big game hunting. He is the sponsor of and major contributor to the Stans African Hall, in a Rock Hill, S.C., museum, to which he has given the animals taken on his safaris.

Aside from the elephant hair bracelet, the Secretary wears a golden leopard ring given him by his family (he and his wife have four adopted children).

Socially, the Secretary enjoys small gatherings more than the huge receptions that are Washington's trademark.

Little known outside his immediate staff is the delight he takes in taking aides and their wives on outings—a boat trip down the Potomac, or a weekend at Camp David, the Presidential hideaway in Maryland.

When he relaxes, he relaxes.

He replies to a question:

"No, I don't toss and turn over problems. I made a bet with myself years ago that if I ever got insomnia on any job, I'd quit. I can assure you, when I go to sleep, I sleep like a baby."

END

TOO MUCH OF A GOOD THING?

America's farm problem is not how to grow more food, but how to grow less

Take an industry whose primary producer historically has been an independent individual—who provides most of the labor, land, capital and management. Multiply the individual by three million.

Add swift-moving technology that leads to massive and low-cost output.

Try curbing the resulting overproduction by government policies that restrict only one factor: acreage.

Watch a once huge foreign market shrink, for a variety of reasons. Then add price props to try to prevent income from sagging.

This is America's farm problem.

It's a monumental headache with which no one is happy:

- Not the farmer caught in a brutal cost-price-squeeze.
- Not government officials seeking to stabilize production, prices and income by a maze of federal programs.
- Not the average taxpayer, to whom the farm's end product is the super-market shelf.

In short, the U. S. farm problem adds up to this. There are too many farmers, working too many farms, with too vast a capacity to produce.

The government has tried to cope with this problem for years by limiting acreage and compensating farmers for lost income by direct payments and price support loans.

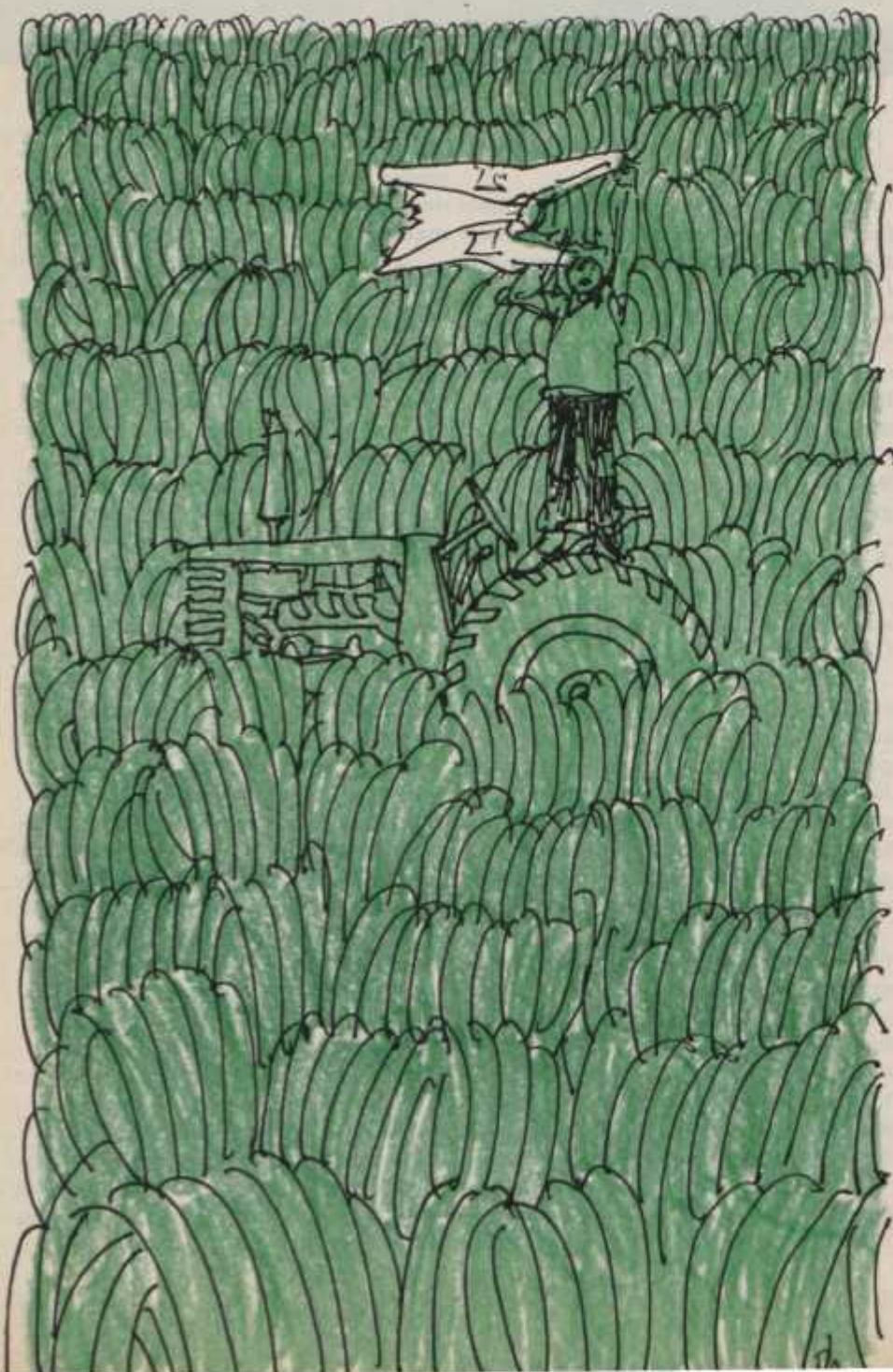
But new technology has defeated this approach. It has created new fertilizers, pesticides and improved seed that sharply increase output on any acreage planted.

Result: Since 1950 land in production has dropped 20 per cent, but output per acre has risen 45 per cent and output per farm worker has tripled.

Some other solutions

There is a growing demand for a new look at the problems of the nation's biggest industry—agriculture. Existing federal farm programs expire next year. Congress is putting more and more pressure on Secretary of Agriculture Clifford Hardin to lay out the Administration's answer to the farm dilemma—and quickly.

Small farmers are most vocal in calling for continued and more effective income protection. Prices for farm products are held down by overproduction, they assert, while the prices for what they buy have soared.



DRAWING: PAUL R. HOFFMASTER

Nearly every expert has his own pet cure for our agricultural ailments.

Secretary Hardin has given few clues to what he will offer. But there are hints he will ask for massive land retirement, on a whole farm basis, to curb overproduction.

Some organizations favor this approach.

For example, the American Farm Bureau backs a bill which calls for removal of 10 million acres a year from production and a phase-out of controls and support payments over a five-year period. Senate Republicans are its strongest supporters.

Many other groups favor a form of land retirement, but oppose doing away with government price support.

Overproduction is one part of the problem. Another is the need for new economic help for rural areas.

"How to keep 'em down on the farm" is the task assigned Thomas Cowden, one of the new officials brought into the Agriculture Department by Secretary Hardin.

Dr. Cowden hopes to come up with a program that will provide nonfarm job opportunities and create or expand in rural areas all of the services associated with city opportunities.

To do this he wants other Departments to help hammer out programs in education, job training, community needs and transportation.

Success depends, Dr. Cowden says, not so much on government aid but on how hard rural communities push their own economic development.

Not just a rural headache

Businessmen, big cities and consumers all have a great stake in what Congress and the Administration do about the farm problem.

The nation's prosperity and well-being depend, in no small degree, on a prosperous rural America.

Experts estimate that three out of every 10 workers in the United States are in farming or jobs directly related to agriculture.

In addition, agriculture is one of industry's biggest customers. Each year, it consumes:

- More rubber and steel than Detroit needs to produce six million autos.
- More petroleum products than any other industry.
- More electricity than the combined

annual use of Chicago, Baltimore, Houston, Detroit, Boston and Washington, D. C.

The list could go on and on.

When the farm belt is sick, the cities suffer, too.

The urban crisis—underemployment and crowded slums—has rural roots. As farm jobs disappear and small towns vanish, millions of people, ill-prepared for urban living, flock to the cities.

Recently a small Kansas manufacturer wrote his Congressman: "If we cannot create something to hold our people, all but a few western Kansas towns will all but disappear. In La Crosse, the last six months have seen six businesses close their doors . . . a grocery store, a clothing store, a variety store, a recreation parlor, a drug store, a shoe store."

One government study warned: "Too little attention has been given to the inextricable tie between the 'urban crisis' and the deteriorating economic situation in the countryside."

A Presidential advisory panel declared unanimously that "solving the problems of rural poverty will contribute to the solution of urban poverty as well."

Last, but not least, all Americans look to the farmer for a continuing supply of wholesome food at reasonable prices. Only a healthy farm economy can provide it.

Why farmers worry

One prime worry for the farmer is that urban legislators run the show, more and more, at both state and national levels. City lawmakers, they feel, just don't understand agriculture.

There is some reason for this concern. Farm organizations don't present a united front. They are split over policy. Disunity weakens them, and their divided advice confuses lawmakers. To make matters worse, farm programs are so complex that it's hard to explain them to the man in the street.

"Agriculture is so reduced in size, numbers and power that it is a minority politically," says Don Paarlberg, director of agricultural economics for the Agriculture Department. Forty years ago, 250 members of Congress came from districts in which at least 25 per cent of the constituents lived on farms. Now, he notes, only 31 do.

"The farm bloc can't pass a farm bill any more," he contends. "That's the new math as far as agricultural policy is concerned."

Moreover, our farm programs are costly—\$3.5 billion a year in price supports and other programs. They are caught in a tug of war with the cities which are demanding a larger share of federal funds.

To reshape the rural economy will cost money. Dr. Paarlberg says: "The question is, what do you get for your money? Do you continue the problem, or do you work toward some solution?"

What farmers say

Most farmers have their own views about the farm problem. A NATION'S BUSINESS editor chatted with some of them in Whitman County in Washington State. It was picked because it is highly productive and well off. It is also the site of Washington State University which contributes to its

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Too Much of a Good Thing *continued*

prosperity. But it depends primarily on the land.

If prosperous Whitman County has problems, every rural area must. And problems it has.

The farmer's dilemma here is summed up by Howard Hughes, 68, a former head of wheat marketing co-operative, local bank director, and grower who has seen wheat sell for as high as \$3 a bushel and as low as 39 cents.

Gaines wheat, an immensely productive variety, and fertilizer have been the salvation of local growers, he says, enabling them to boost per acre yield to compensate for lower prices.

"Of course, you could turn around and say Gaines wheat is part of our problem—overproduction," he adds.

Mr. Hughes claims the minimum size of a farm on which it is economic to use minimal equipment—combines and tractors costing in the range of \$25,000 each—has risen to 800 acres. He is for government controls.

A different view comes from Phil Largent, 38, Harvard Business School (class of 1957) graduate.

"I have a lot more faith in the market price system than some farmers do," says Mr. Largent, who returned to farming in 1961.

"But you can't imagine the arguments you get into with your neighbors." He says he's "not too vocal" around those who have recently paid high prices for their land. "I sympathize with them," he adds.

Mr. Largent supports the Farm

Bureau's program which would end controls and price support payments. However, he has serious doubts about the willingness of urban legislators to vote enough money for land retirement to make a real dent in overproduction.

He and many others share the view that land retirement in itself can't solve the whole problem.

The local county farm bureau passed a resolution favoring land retirement last year. But the president, Jack Ensley, fears that removal of price supports and acreage restrictions might encourage large producers to plant "fence to fence" and thus offset any decrease resulting from land retirement.

His own solution: Try land retire-

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Too Much of a Good Thing? *continued*

ment, meanwhile gear support payments to the market price of wheat. If land retirement works, overproduction should fall and prices rise, automatically phasing out support payments.

Such views pinpoint the controversy among farmers, including those who find controls and dependence on government distasteful and prefer the free market.

Many contend that removal of controls would prompt large producers to boost output sharply and aggravate the supply problem.

Some of them foresee an even greater trend toward large farms—and wholesale disaster for small farmers.

Despite these concerns, more than a third of the growers surveyed in Whitman and neighboring Adams County favored abolition of the government wheat program which calls for acreage curbs and price props. And this in an area where almost all farmers voluntarily comply with the government program.

Local businessman's view

Joe Henderson, who has the Caterpillar and John Deere dealerships in Colfax, says: "These fellows just can't keep paying the prices for this equipment unless they get more for their commodities."

A tractor that sold for \$19,134 in June, 1965, now sells for \$24,267, he points out.

His sales volume dropped 10 per cent last year compared to 1967, and is down another 15 per cent this year. He predicts still another 20 per cent drop in 1970. "This is what I'm gearing myself up to," he says.

Meanwhile his repairs and parts business has risen.

Farmers run their equipment longer, and farm more acres by taking over land when others give up farming. He estimates 50 to 75 farmers have quit in his trading area in the past five years.

Mr. Henderson plans to continue his full line, but is branching out into auto parts and services and a recreational boating business.

Navigation and dam projects along the Snake River, which runs along the county's border, are opening up

some new business opportunities. A County Port Commission has been established to develop sites and undertake major efforts in industrial development.

Conceding he's in the minority, Commission Manager E. Neal Klemgard foresees substantial prospects for industry. He looks for some development in the areas of grain and petroleum transportation, and is encouraged by the prospects of local processing of agricultural commodities.

Meanwhile, he says, small towns are drying up for want of job opportunities. "We're exporting our brains."

Banker says, "Get out"

A local bank manager, J. R. Wyard, sees the farmer's problems reflected in increasing problems with debt. "It's getting to a point where the small farmer doesn't have a chance."

He says he's advised many: "Get out while you can get a good price for your land."

Would the area stand a phase-out of government support?

"Over the long pull I personally think it would be a healthy situation. But it would be really rough for a while," he answers.

The pinch is felt by equipment producers as well, says Sherman McGregor. He is in cattle feeding, sheep raising and manufacturing of fertilizer applicators.

With farmers' debts rising, he says, "We sometimes get confused as to whether we're fertilizer dealers or bankers—and we're darn poor bankers."

"I see nothing optimistic in the foreseeable future for the wheat grower, and for my business. I work with the wheat grower."

He, like many others, favors industrial and other nonfarm business in the area to balance agriculture.

But he cites a paradox: His business has been able in the past to employ competent farm people in his manufacturing operation during slack seasons. Recently this supply has been tight, too. Either farmers quit farming and leave the area or those remaining take on more acreage and are too busy for part-time work.

His cure for the farm squeeze?

"I don't see any other solution than the simple law of supply and demand."

END



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THE ANSWER TO CORRUPTION

BY THE REV. BILLY GRAHAM



"Corruption in a democracy usually is most visible in its government. Shocked by current happenings, the *New York Times* says, 'Events . . . have given cause for every citizen to be troubled by the ethical standards of each of the three branches of the federal government.'"

Cities and villages also are deeply involved. I took a taxi several weeks ago in a great American metropolis and the driver told me of a safety inspection to which he is subjected twice a year. The official fee is \$5. He said, "Unless I pay the inspector \$25, my permit is held up maybe for months. Without a sticker, I can't work. I'm over a barrel so I pay. The payoff goes all the way up to City Hall. This city is built on payoffs. If you tried to eliminate it, the whole economy would be destroyed."

I heard of a traveling salesman visiting a factory in a Western city on election day. At the airport, he got a cab, gave the cabbie the address, and relaxed. A half hour later, the car stopped unexpectedly before a polling place. "Go in and vote," the cabbie said. The visitor protested, "I can't vote here. I'm not a citizen. I'm a Canadian."

PHOTO: LEO FROST—BLACK STAR

A large man appeared, opened the cab door, and said, "Come with me." Hoping to learn the folkways of American democracy, the salesman followed. Inside a voting booth, the large man provided a ballot and pencil, instructions and help in depositing the ballot in a locked box. Then the cabbie consented to drive on to the salesman's destination.

In another community, a county officer greets every voter and offers his services. Taking the citizen behind the curtain, he explains the new-fangled voting machine. "First, you trip this little lever," he says. "Then you pull this big one, and that's all there is to it." And the innocent citizen finds he has just voted a straight party ticket according to the dictation of his friendly local politician. It happens all over America.

Patterns of deception

Our business community is infected, too. For every civil servant corrupted by bribery, there must be a businessman willing to deal under the table.

Our lamentable moral climate was the subject of an address at General Beadle State College in South Dakota by President Nixon.

"We have seen too many patterns of deception," he said. "In political life, impossible promises. In advertising, extravagant claims. In business, shady deals. In personal life, we all have witnessed deceptions that ranged from the 'little white lie' to moral hypocrisy, from cheating on income taxes to bilking insurance companies. In public life, we have seen reputations destroyed by smear, and gimmicks paraded as panaceas. . . . We sorely need a new kind of honesty that has too often been lacking, the honesty of straight talk. . . ."

Elsewhere around the globe, the roll call of iniquity continues. In parts of Asia, graft is a way of life, it seems, and is endorsed by authority. No wonder our foreign aid ends up in the pockets of the dynasty in power. But for us to blame them for their avarice is for the pot to call the kettle black. They don't know better. Their religion lacks a God of judgment who punishes evil.

We should know better but many of us, it seems, have stopped believing in a God of judgment also. Our Bible, on which Western civilization is based

and from which our democracy sprang, very clearly forbids coveting, lying, cheating and stealing. But men continue to do all those things.

What is wrong? Is it business competition, the hard sell in advertising, the culture which measures a person's worth by his possessions? No! What is wrong is man himself. Natural man is as wrong today as he was when he was turned out of the Garden of Eden.

Listen to the Prophet Jeremiah: "The heart is deceitful above all things, and desperately corrupt; who can understand it?"

The Asheville, N.C., *Citizen-Times* says, "Man in the mass sense is still animalistic. He may strut through his urbanized jungle as an erect defender of moralistic principle, but leave him alone with his neighbor's gold or his neighbor's wife, and regard his altered position."

For years, we have been taught to believe that man was naturally good. If only he were educated, kept in health, and given a reasonable living, he surely would turn his earth into a paradise. But has he?

Anything goes

Our world has drifted so far from the principle of absolute honesty that it now dismisses as "corny" the story of Abraham Lincoln who, when he overcharged a man six cents by mistake, walked three miles to return it.

Our permissive attitude has bred the bartender who sells beer to minors, the barbiturate peddler and the drug pusher who infest campuses, the income tax chiseler, the insurance faker, the college grad whose diploma is won by cribbing rather than cramming, the professor who allows himself to be intimidated into giving superior grades to inferior students, and the marketer who tells his salesmen: "Sell any way you can, but sell!"

Our permissiveness even includes some so-called churchmen. In Britain, a working group from the Church of England issued a statement that, in effect, abolished the Ten Commandments. It is remarkable that a Jew was among the first to protest. Rabbi Norman Lamm, professor of Yeshiva University, said, "One can only hope that the Christian churches will reconsider what appears to be their imminent capitulation to a triumphant moral nihilism which may yet bring

down all of our civilization." Think about his conclusion—"which may yet bring down all of our civilization." Moral nihilism? Look it up. Moral nihilism denies the existence of any basis of knowledge of moral truth. It says: Do what you will, cheat and hate and lie and steal if the situation calls for it.

This treason to God's commands is also advocated by some of our pop theologians. I've even heard of pastors who think nothing of using profanity, committing immorality; and I know of some religious seminary dormitories in which walls are covered with pictures of nudes, and where students boast of sexual conquests. A general looseness is poisoning our land, our people and our institutions.

If all this is true, surely we are in bad trouble. And it is time to consider any measure man can take which will stop our slide into decadence. Well, I believe there is hope. Moreover, I believe our slide is being slowed down in some areas.

Crises of the spirit

One battlefield is our nation's capital. Already, our country has been through moments of spiritual crisis. One was at the time of the Revolution. All of us remember the picture of George Washington in the cold, miserable winter at Valley Forge, on his knees in prayer. God answered that prayer and victory was won.

A second crisis came during the Constitutional Convention when the unhappy representatives of the colonies were ready to go home to establish 13 separate nations. Benjamin Franklin called them to their knees in prayer. Out of that prayer and the spirit it engendered came the Constitution.

A third crisis occurred during the Civil War. Someone asked Mr. Lincoln if he thought God was on the Union side. "I'm not interested as to whether or not God is on our side," he replied. "But I am very much interested as to whether or not we are on God's side."

Now we are passing through another crisis of the spirit. In Washington's time, one in every 10 citizens held a church membership. By the Civil War, it was one in five. Today, over half of the American people belong to a formal religious denomination and a

The Answer to Corruption—continued

great majority profess to believe in God. All would seem to be going well, but the truth is otherwise. We are weakened by moral dry rot. Our good deeds are too often on the tongue and not of the heart.

As much as any man, President Nixon knows the hearts of Americans. I have known him for many years and, after many conversations, I am convinced his greatest concern is that America have a moral and spiritual renewal. I also believe that unless we have this renewal, we cannot survive.

Ernest C. Manning, former premier of Alberta, Canada, says, "The solution is to be found in the application of true Christianity to the lives of individuals and nations."

Presidential insight

Our Presidents have known this instinctively. No provision of our Constitution requires them to take their oath of office on a Bible. Yet, with almost no exceptions, they choose to do so.

George Washington placed his hand on a Bible borrowed from a Masonic meeting room. President Lincoln used a small Oxford Bible open at the twenty-first chapter of Proverbs where it says, "Every way of a man is right in his own eyes . . . but the Lord pondereth the heart. A high look . . . a proud heart . . . is sin."

President Roosevelt used a Dutch Bible that had been in his family since 1670. President Eisenhower pledged himself on a Bible given to him by his mother when he graduated from West Point. It was opened to II Chronicles, which says:

"If my people, which are called by my name, shall humble themselves and pray, and seek my face, and turn from their wicked ways, then will I hear from heaven, and will forgive their sins, and will heal their land."

How our America needs healing! How wonderful that God's promise is conditioned only by our willingness to humble ourselves, to pray, to seek God's face, and to turn from our wickedness. Daily, our leaders are praying. Our Capitol building has a small, beautiful prayer room near the Rotunda, open at all hours. President Nixon has introduced a Sunday



Billy Graham's second New York crusade, in June, was conducted in response to a plea from businessmen.

morning service at the White House. A House of Representatives prayer group meets each Thursday morning. A similar group from the Senate meets Wednesdays.

Once a year, the President himself heads a Presidential prayer breakfast for thousands of business and political figures from all over America. Anyone attending, as I have, cannot help but be impressed.

Time to turn to God

Surely it is time for our nation to turn to God. If we fail, the Psalmist's warning is clear: "My people would not hearken to my voice . . . So I gave them up unto their own heart's lust . . . Oh, that my people had hearkened unto me. I should soon have subdued their enemies and turned my hand against their adversaries."

With God's help, this people can overcome the enemies of poverty, illness, racial tension and war. Already, we are mounting a powerful prayer offensive. Recently, President Nixon told of the thousands of letters coming to him from all over America.

"Each evening at the end of the day I try to read a few . . . to get a feeling of the country," he said. "And I have

found one common theme. In these days when religion is not supposed to be fashionable . . . over half of the letters have indicated that people of all faiths and all backgrounds, in a very simple way, are saying, 'We are praying for you, Mr. President. We are praying for this country.'"

Over and over, businessmen tell me, "I want to turn to God, but how do I do it?" May I answer that right here, even though doing so in a secular magazine may appear to be unusual?

First, recognize that God so loved you that he gave his Son to die on the cross. Second, repent, turning your back on sin. Third, surrender yourself, receiving Jesus Christ as your Savior and Lord, and asking his guidance. That's it; the beginning of a relationship that might change this world.

Some moralists allege that our Bible is not relevant to modern business problems. True, the Bible doesn't go into capital investment, automation or conglomeration. True, its commands only prescribe relationships between God and man, and between man and his fellows. True, the Biblical economy was agrarian and not industrial.

But consider this: No business prac-

tice in modern life exists except because of the relationships between men. So the old law is relevant.

In modern business, nothing is left to chance. Nor in government. President Eisenhower once said, "This history of free men is never really written by chance but by choice—their choice." And when a man makes a choice, he improves or degrades his world. Let's look again at those old commandments.

Getting off the treadmill

With such clear directives, why do men stay on the treadmill that often leads to corruption? Businessmen and government officials tell me they are caught up in the great task of marketing and administration. Lord Bilsland, of the Scottish Council, described what they're up against when he said, "The aircraft is the symbol of our time. If it stops, it falls out of the sky and is destroyed." So man, trying to keep things going, seeks more and more power. And we know that power eventually corrupts.

Can one escape?

For years, I have used a simple formula, which stems from reading of Scripture, to regulate my attitude and actions. I test a proposition by asking four questions:

1. Is the attitude or action to the glory of God?
2. Can I ask God's blessing on it?
3. Is it a stumbling block to myself or others?
4. Does it contribute to a healthy, moral atmosphere?

Persons to whom I have told this formula say it has been of great help. If one's business seems to require passing a few dollars under a table, one asks if this is to the glory of God. Say, "Dear Lord, can you bless this small bribe so I can climb a little higher up the promotion ladder?"

If one is about to make a present to a government inspector who may overlook faulty merchandise, ask God to forgive the lie the inspector must make in his report. If the expense account must be padded or the name of a rival blackened, is this a stumbling block for you or for others who follow your example?

And I would add this final sugges-

tion. For the best blueprint of government or business ethics, go to your New Testament. Several years ago, President Nixon wrote in an article in which he discussed contemporary religion: "I think some of our voices in the pulpit today tend to speak too much about religion in the abstract rather than in the personal, simple terms which I heard in my earlier years. More preaching from the Bible rather than about the Bible is what America needs."

He added this glimpse of his early life: "We learned and studied the Bible itself rather than about the Bible. We never had a meal at home without bowing our heads in prayer. Usually it was a silent grace in the Quaker fashion of my mother, except when we had company. Then, either my mother or my father would offer simple words of thanksgiving."

All you need is there

All any man needs to know about moral living is in the Scriptures. Interpret it how you will, the Bible's inspired voice lays out a perfect style of life. Call it what you will, a divine policy paper, a memo from the Big Boss, a heaven-sent management manual, every citizen can use it.

Its precepts inspired the struggle for freedom from which flowered our Western democracies. Its principles unshackled the minds of scholars and scientists, making possible modern education and contemporary science. We disregard them at our peril.

Man is a builder, first of his own character, then of his family, his community and his nation. The specifications from which he must build are not really a mystery, for God's word—if you seek it—is loud and clear:

"Except the Lord build the house," said the Psalmist, "they labor in vain that build it." **END**

REPRINTS of "The Answer to Corruption" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



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business: a look ahead

AGRICULTURE

A potential source of protein, a crucial element in the attack on the world hunger problem, has been developed by agricultural researchers.

The source is alfalfa, used in cattle and poultry feeding; the question has long been how to develop techniques for extracting protein for human use.

Agriculture Department researchers now say experiments at Albany, Calif., laboratories involving feed processing have produced a promising technique.

Large rollers extract the juice from alfalfa leaves before conventional processing begins. The liquid produced is further processed

to yield a dehydrated alfalfa meal and a liquid concentrate suitable for enriching feeds.

The process is going into commercial production at a plant in Brawley, Calif., with the entire yield to be used for animal feed. But Agriculture Department spokesmen say world demand for protein is likely to create a wider market for concentrates yielded by the juicing process.

As of now, they say, economics would prevent processing of alfalfa solely for human use, though costs would permit extraction of protein as a by-product of feed processing.

CONSTRUCTION

Two benefits to the home building industry, largely obscured by the current credit pinch, are expected to aid in the recovery when the tight money crisis subsides.

One is a change in federal regulations permitting savings and loans to finance so-called "turnkey" public housing to be turned over to public agencies.

The other is an extension from one to five years of the period for which the Federal Home Loan Bank Board can advance funds to member institutions.

The extension was urged by the home

building industry even before today's tight money market, as a means of expanding the amount of funds that are available for construction.

It is not expected to ease substantially the current pinch on builders, however, because of problems with construction loans as distinct from mortgage financing.

Meanwhile, there are predictions that a prime rate of 10 per cent could result in housing starts dropping to 800,000 starts this year, down from last year's rate of 1.55 million.

CREDIT AND FINANCE

The curtailing of credit stems from a lot more than efforts to control inflation, and long-term priorities gearing government policies and programs here and abroad to what we can pay for will be needed to achieve lasting stability.

So says Bank of America Board Chairman L. B. Lundborg.

The underlying problem, a world-wide credit shortage, has been building for years as new technology has created expanding demands for capital. Backlogs of deposits

and other accumulated bank resources were already running behind earlier in the decade, when warnings were sounded about the quality of credit.

Former steel man Roger Blough, whose industry is caught up in the process of technological change, has warned in recent years of the credit gap. Most concern is now focused on tight money as an anti-inflationary weapon. But continuing demands for credit in the years ahead make prospects for radical easing of the money market unlikely.

FOREIGN TRADE

The U. S. and the European Economic Community are warming up for their biggest dust-up yet over trade policy. Some American officials are talking of a collision course.

The issue is soybeans, a top U. S. export crop, of which this country sold \$450 million worth to the EEC last year.

Common Market countries have been threatening to slap stiff internal taxes on soybeans and soybean products that compete with their own highly protected agricultural products.

U. S. producers say proposed taxes on soybean oil and meal could cut our exports to the EEC in half; even lesser taxes being discussed could sharply reduce U. S. sales.

Effects here would include income loss to farmers, increased government spending on government price supports and losses to processors and shippers.

This country argues the taxing would violate the General Agreement on Tariffs and Trade (GATT) and would prompt the U. S. to retaliate.

MANUFACTURING

Current inflation and measures being taken to cure it threaten to lay the groundwork for a two-way squeeze on corporate profits in the years immediately ahead.

The goal of tight money, of course, is not to raise interest rates but to reduce the volume of spending, particularly by consumers.

First National City Bank of New York observed recently that a slowdown in consumer spending and profits was already apparent at midsummer. And it forecast a

"dramatic impact on corporate profits because of corporations' dependence on rising sales volume to meet heavy contractual costs."

In a separate comment, the bank cited widely-publicized wage contracts, with increases running 6 to 8 per cent a year or more. "Under many of these contracts," it warned, "employers are committing themselves to hefty increases in 1970 and 1971 without knowing what might happen in the markets in which they sell."

MARKETING

An early-warning system that would measure youth trends ranging from consumer preferences to campus discontent.

That's what William T. Tucker of Chicago says his newly-formed Youth Data Corp. will offer subscribers in business and eventually in education and government.

Continuing research on youth attitudes

through mail and personal contacts and campus representatives will be provided for clients on a quarterly basis.

Formation of the company is another development in the trend toward segmenting the youth market, which Mr. Tucker estimates at \$45 billion a year in the 14-24 age range.

NATURAL RESOURCES

Advancing technology on the ground and in space is spurring renewed urgings to conserve the supply of helium.

Helium is recovered from natural gas, largely in Kansas, and government-industry efforts have placed some 22 billion cubic feet in storage to meet future needs.

Yet it's estimated that half of the helium in natural gas production is wasted; and no major new sources have been discovered since 1953.

At the same time, helium has gained wide use in a number of applications in lasers,

life-support systems for underseas exploration, chemical analysis, welding and operation of nuclear reactors.

Another use is in the field of cryogenics, or supercold technology, in which liquefied helium at low temperatures permits highly sensitive communications reception and resistance-free power transmission.

Helium also has been used in space rockets, and a NASA official speculated after the successful Apollo 11 shot that it would play an even greater role in interplanetary travel beyond the moon.

TRANSPORTATION

Major U. S. airlines are forging ahead with the costly transition to training crews in flight simulators.

Goal is to reduce use of aircraft in training to the minimum. Effects from airlines' standpoint will include less diversion of aircraft, improved and safer training. For the public, it'll mean less congestion and noise.

Flight simulation, in which training is held in fully-equipped, land-locked cockpits, first got going in the late '40's but really picked up with the introduction of jets and with capabilities made possible by computers.

There are now 52 simulators in service, representing an investment of \$83 million; by Jan. 1, 1972, 20 more will be added at a cost of \$53.9 million.

Trend is toward use of so-called visual attachments, simulating cockpit views of runways and even airport scenes from a circling plane.

Sixteen simulators are equipped with such visual attachments now, and 16 more will be outfitted with them. Of 20 simulators to be added, 16 will have visual capabilities, including all those for training in jumbo jets.

THE CASE FOR POSTAL REFORM



BY WINTON M. BLOUNT
POSTMASTER GENERAL

Nine and one half pounds!

That's the current weight of the Postal Manual, the organizational Bible of the U. S. Post Office Department.

It includes laws, rules, regulations and restrictions . . . and interpretations of those laws, rules, regulations and restrictions . . . all accumulating for centuries.

Every conceivable matter of postal operations is covered. It even tells postal employees how to put rubber bands around envelopes and how to recognize a mail bag in need of repair. (Answer: When it has a hole in it "larger than a 10 cent coin.")

As a result, postal operations are run strictly "by the book." The system is authoritarian, and leaves little room for initiative and innovation.

Contrast the position of the local postmaster, working under these conditions, with that of the local plant manager for a decentralized industrial concern. While the postmaster is thus boxed in, the plant manager makes his own decisions within clearly defined limits, established by his top management. He is accountable for specific results, but is given broad authority to attain them.

This is but one of many reasons President Nixon and I have sent to the Congress a reorganization plan for the postal system, to convert it into a government-owned corporation, headed by a board of directors and run by professional managers.

The present archaic and inappropriate management structure gives rise to countless difficulties.

Long on delays

Building a major new post office, for example, requires not only a 22-step decision process within Department Headquarters, but subsequent clearance with the General Services Administration, the Bureau of the Budget, the public works committees of both the House and the Senate, the appropriations committees of both House and Senate, and finally, approval of the entire budget—including our project—by the full House and full Senate.

It is not surprising that it takes an average of seven years from the time a major project is conceived until it's completed.

More unfortunate is the fact that only a meager amount of capital funds emerges in this cumbersome process.

Congress is pressed for funds in the cities, in Viet Nam and elsewhere, and little is left for post offices.

Capital investment for the postal service has lagged by almost any measurement. We've been building a thousand new post offices a year for a decade and still you can just about throw a dart at the map of the United States and justify the building of a new postal facility where the dart sticks.

As a result, postal productivity suffers. From 1957 to 1967, the average American worker increased his productivity by 34 per cent. For the postal service, total productivity for the same period of time actually decreased by .1 per cent. It's not the fault of the postal worker. We're not giving him the mechanized equipment to boost his productivity.

The figures tell the story.

The Post Office Department has an investment of less than \$2,500 net fixed assets per employee. The telephone and communications industry, by comparison, has invested \$35,630. Even the merchandising industry spends \$2,836.

And look at our employees.

For eight hours a day, they step back

into the Eighteenth Century—a century of hand labor, little or no training, few chances for advancement, no collective bargaining, poor working conditions.

Little wonder the annual turnover rate is 23 per cent!

Or that 60 per cent of all postal employees retire in the same job in which they started.

Turnover at the top

There's a pretty good turnover rate at the top, too. I'm the sixth Postmaster General in this decade. With each has come changes in policies and politics.

There is really little reason for the Postmaster General sitting in the President's Cabinet. It is a circumstance left over from earlier days, when the Post Office was a policy arm of government.

Today the nature of the postal service more nearly resembles a public utility than an Executive department of the government.

Business originates 74 per cent of the mail; households send only 20 per cent, and all levels of government, only 6 per cent.

Like all economic functions, the Post Office should be professionally managed and supported by revenues from its users.

President Nixon described the dimensions of our postal crisis in these words:

"Encumbered by obsolete facilities, inadequate capital, and outdated operation practices, the Post Office Department is failing the mail user in terms of service, failing the taxpayer in terms of cost, and failing the postal worker in terms of truly rewarding employment. It is time for a change."

Elements of reform

There are four elements we consider essential for effective postal reform:

1. Removal of the Postmaster General from the President's Cabinet—an essential action if we are to provide management continuity and effectively insulate the postal service from partisan politics.

2. Collective bargaining between management and employee organizations to determine postal pay, thus transferring that responsibility from Congress.

3. Bond financing as a method for securing the large amounts of capital needed for postal improvements.

4. Rate setting by a board of full-time commissioners, independent of operating management and subject to Congressional veto.

The new Postal Service would have a management structure similar, in many respects, to organizational forms that have proved highly successful in other nationwide service enterprises.

It would be headed by a nine-member board of directors. Seven, including the chairman, would be appointed by the President, with the advice and consent of the Senate. They would be "part-time" directors, not personally involved in day-to-day operations, and chosen to represent the public interest without regard to political affiliation.

These seven public directors would select an eighth member, who would serve as a full-time chief executive officer. A ninth board member—a full-time individual serving as chief operating officer—would be chosen by the other directors.

All postal employees would be transferred into the new Service with their accrued pension rights, leave, pay and seniority. Changes in personnel procedures and policies would be subject to collective bargaining.

Bargaining without strikes

The major change in the personnel area is that wages would, for the first time, be subject to collective bargaining.

Labor-management relations would, in general, be conducted under the provisions of the Labor-Management Relations Act of 1947, with the exception that postal employees would not be permitted to strike.

In lieu of the right to strike, however, an impasse-resolving mechanism would be set up. Here's how it would work.

Both parties—employees and management—would be encouraged to devise procedures for settling their own collective bargaining disputes.

If they failed to reach agreement under these terms, either party could cause the matter to be referred to three members of a Postal Disputes Panel.

The Disputes Panel would consist of nine individuals. Three would be named by the Federal Mediation and Conciliation Service and three by the American Arbitration Association. Those six would select the remaining three panel members. Only three members of the Disputes Panel, however, would hear any particular impasse,

and neither employees nor management would know in advance which three members would participate.

The Disputes Panel might apply any of a wide range of settlement techniques to resolve a dispute, including mediation, fact-finding and recommendations. If the dispute could not be settled, the panel would have the authority to refer any or all of the unresolved issues to binding arbitration by a separate ad hoc board or to require that the status quo remain in effect.

The Disputes Panel's job is to see that meaningful collective bargaining does in fact occur, and that no issue is sent to arbitration before every possibility of the parties reaching mutual agreement has been exhausted.

The ad hoc arbitration panel, incidentally, would consist of one member appointed by management and another by labor, and those two would select a third panel member. In the event they could not agree, the third member would be selected by the federal mediation and conciliation director.

A self-sufficient Service

An important feature of the Postal Service Act is that it contemplates the Service would become self-sufficient within five years. Debt-free operation would be particularly important, we believe, in building confidence in the Service's public bonds, issued without the full faith and credit of the government behind them.

We do not intend, however, to arbitrarily raise rates in order to accomplish this. Hence, the transition period.

Rate changes, recommended by postal management, would be considered by a semi-independent panel of full-time rate commissioners. The important point here is that the rate commissioners would not be responsible to postal management, but rather to the outside members of the board of directors. This should free them from pressures from operating management and permit them to be more concerned with protecting the public interest.

The panel, supported by a small staff, would conduct public hearings on proposed rate changes, at which postal management and the affected mailers and other parties could appear. The initial decision of the rate commissioners would go to the Presidentially-appointed members of the board of directors who could accept, reject or



PHOTO: FRED WARD—BLACK STAR



*"There is really little reason
for the Postmaster General sitting
in the President's Cabinet."*

Winton M. Blount

The Case for Postal Reform *continued*

modify the proposed change. In general, the rates established by the board would take effect after 60 days, unless Congress vetoed the proposal by concurrent resolution.

The rate commissioners also would be charged with hearing complaints from customers concerning service, and with conducting public hearings and making recommendations concerning changes in the scope of postal services proposed by management of the Postal Service.

Public reaction to the proposal seems to have been extremely favorable.

I've seen perhaps 30 polls by Congressmen of their constituents, and in each case, the majority favored the concept of a public postal corporation.

Of more than 200 editorials we've collected on the subject, only seven opposed the proposal.

Several major mail groups have endorsed the bill.

The postal employee organizations, with the exception of the National As-

sociation of Postmasters, have expressed reservations. They contend that while reforms are needed, they are unable to accept the basic recommendation for a government corporation.

Patchwork route rejected

We gave serious attention to the question of whether meaningful reform could be achieved within the present departmental structure, but concluded that it could not. So did the members of the President's Commission on Postal Organization (Kappel Commission), whose year-long study of the Post Office Department and subsequent recommendation that it be converted into a public corporation formed the basis for our own proposal.

Murray Comarow, who was executive director of the Kappel Commission, writes:

"The Commission concluded, however, that the Post Office's most serious

problems were inextricably bound up in its organizational form, and that no solution which stopped short of changing the Post Office fundamentally would have enduring benefits."

I am convinced this legislation will provide us with a truly productive, efficient, professionally-managed postal system, and enable us to move the growing mountains of mail at substantially lower costs than the present structure permits.

The present method for operating the postal system was good for the old days. It is inadequate for the space age.

It's like the four-year-old girl who was waiting impatiently for her mother to bring the dessert.

"Hold your horses," said the mother, busy with something else.

"I'll hold my rockets," replied the girl.

It's time to set aside the old, to try the new. It's time to think in terms of rockets rather than horses. **END**

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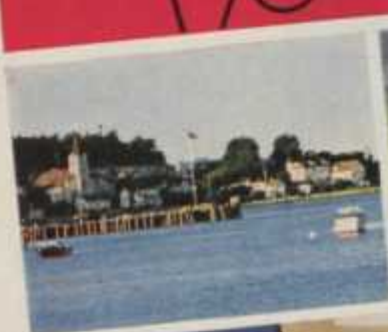
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tories, plentiful educational opportunities and "a Florida vacation every weekend" make the job easier for the industrial talent recruiter in this state.

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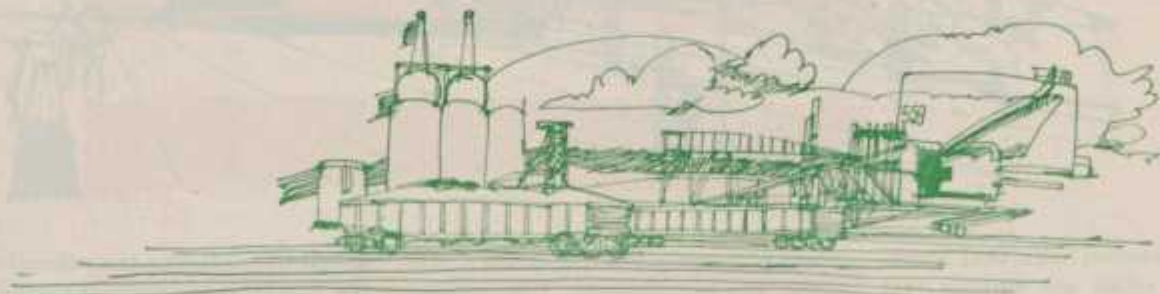


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INDUSTRIAL DIVISION
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INDUSTRY'S OWN SPACE QUEST

A special report by experts and officials
of the American Industrial Development Council
on sites for which business can set its sights



SKETCHED: PAUL SALMON

Business and industry today face their own "space race," a quest for room to grow in.

Finding the right location to fit economic needs and all of the other factors a company must consider often requires painful compromise and ingenuity.

Every community in the nation has a stake in industry's space quest. Competition is keen to attract new business and provide facilities for established firms' expansion.

In this issue of *NATION'S BUSINESS*, experts in industrial development discuss some of the techniques being used to meet business space needs. The articles which follow:

- Tell how central cities fight back in the race to woo industry.

- Reveal there's new life for old factories.

- Show rural plant sites are marketable and profitable.

- Explain what an industrial park is—and isn't.

- Describe a new business frontier, Indian Country.

- Outline how a community can take advantage of the closing of a military base.

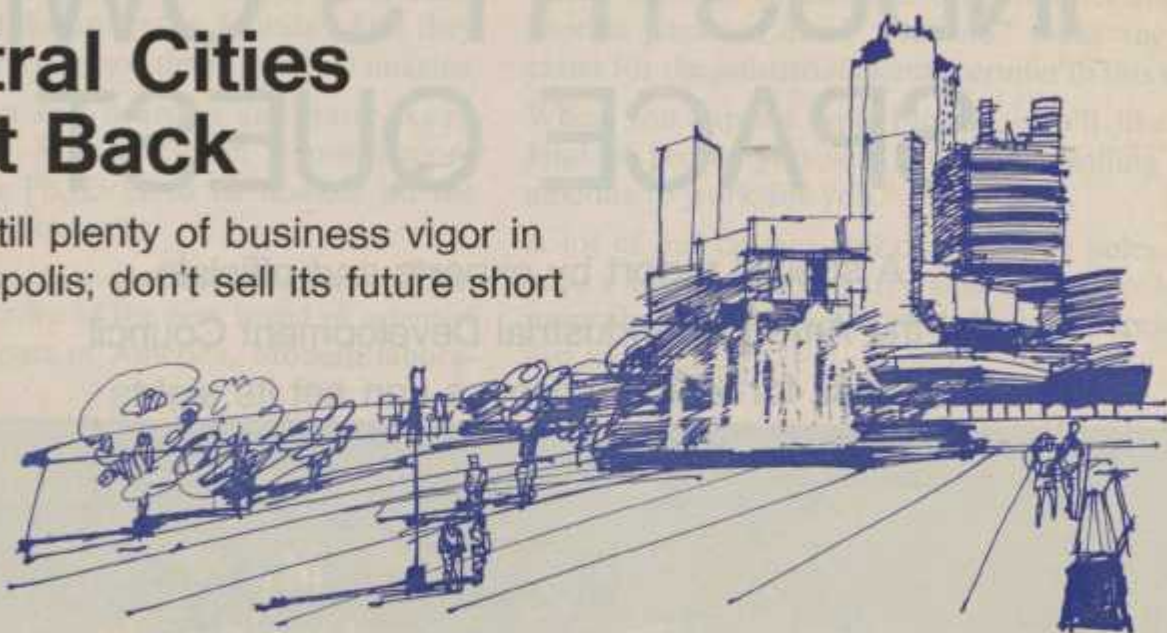
- Take a look at the need to plan now for land use in the future.

The articles were prepared by the American Industrial Development Council, an independent, nonprofit organization devoted to promoting professionalism in industrial development, in association with Development Counsellors International.

Inquiries should be addressed to American Industrial Development Council, 230 Boylston Street, Boston, Mass. 02116, Richard Preston, Executive Vice President.

Central Cities Fight Back

There's still plenty of business vigor in the metropolis; don't sell its future short



Popular impression has it that America's central cities are sinking fast toward death or decay. The dirge goes like this:

Remaining pockets of industry and middle class whites flee to suburbia. Ghetto outbreaks punctuate the summer. Campus violence takes over in autumn.

Bankruptcy haunts the municipal treasury. Mayors quit in despair. Scholars pronounce the city obsolete.

Federal bureaucrats pile program upon program, shift the emphasis of existing programs, make it almost impossible for local officials to function, and then suggest new towns. State officials paw the ground as if they were about to charge to the rescue, but all that's seen is a cloud of dust.

Inside cities, poor blacks protest intolerable living conditions. Poor whites see what little they have threatened and dig in their heels. Suburbanites, safe at their barbecue pits, ignore the din or busy themselves in volunteer do-goodism which makes them feel better but accomplishes little.

Nerves fray, tempers shorten, the boiling point gets lower and lower. An urban Armageddon seems near.

Is this the kind of environment

KENNETH E. FRY, author of this article, is director of the Division of Economic Development, Office of the Mayor, in Milwaukee, one of the few major urban areas with its own municipal development programs.

where any sensible businessman would make an investment? The answer frequently is still Yes and projections point to more and more Yes decisions in the years ahead. It is perhaps the major paradox of our time that many cities have not had such vibrant growth opportunities in decades even as they struggle for survival.

So the funeral oration for America's cities is premature despite the prevalent conventional wisdom. Behind the scare headlines, one can find limited but encouraging signs of central city economic renaissance, of industry and whites coming back, of implosive vigor in our urban cores.

What prompts the faulty perspective on our cities? Perhaps so many opinion makers, including the press, have moved out that we are shown city complexity through suburban eyes, putting order ahead of creativity. Perhaps our generation is so taken up with America's global supremacy that local concerns seem provincial and picayune. Perhaps a nation gazing at the moon can't glance at its back yard.

Surprising ignorance

Regardless, there is surprising ignorance about our cities and what makes them tick. Anybody who has worked on the firing lines of municipal government finds this ignorance ubiquitous—in Washington, in state capitals, in universities, and, sadly, in some business circles.

Cities have enough troubles without

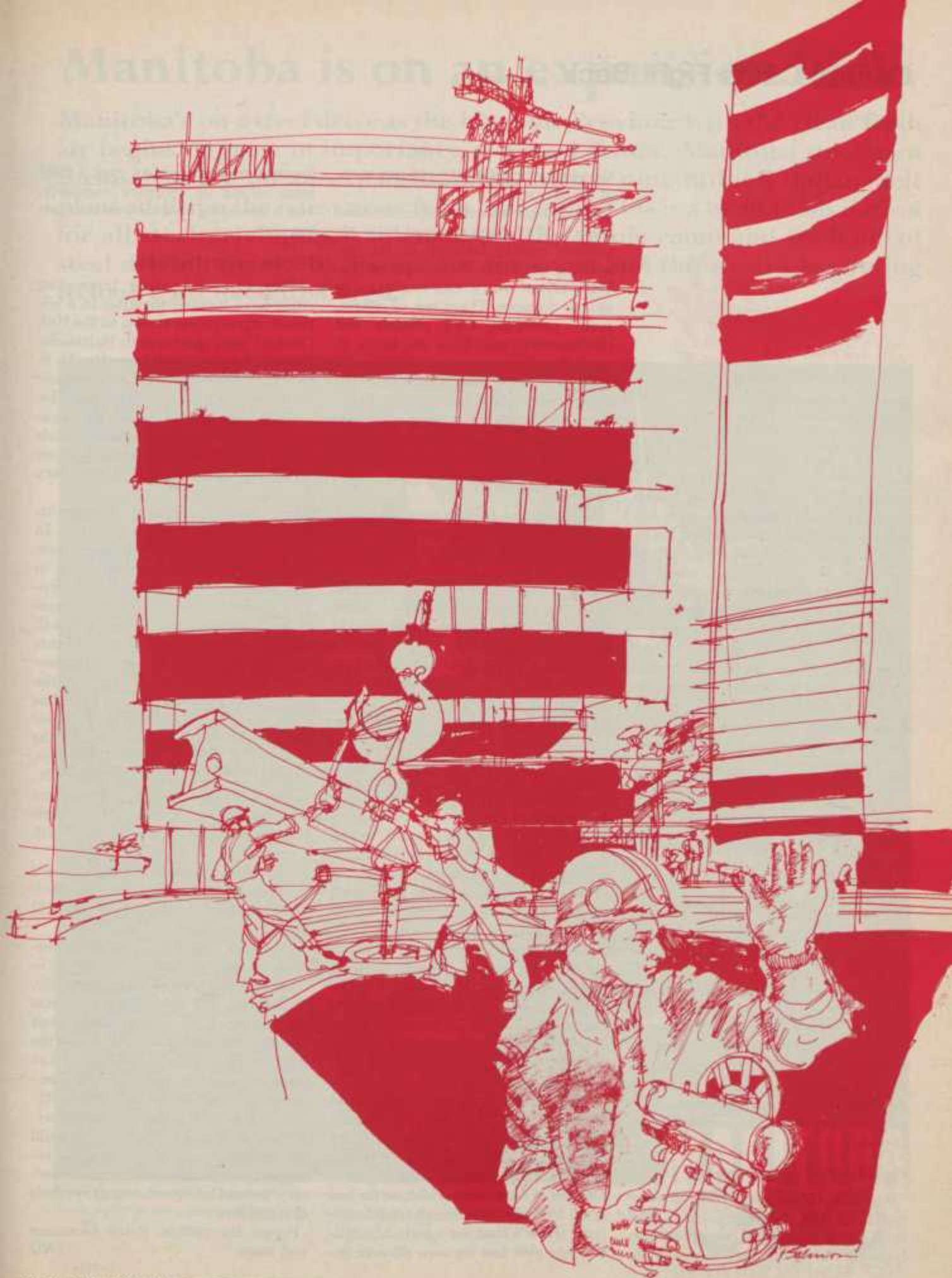
outsiders confusing the normal din of the marketplace with abnormal violence, deploring healthy conflict between groups in a pluralist democracy, mistaking the disorder of evolution for anarchy, and even lumping the strains of growth with the agonies of decline.

The current unbalanced view of cities obscures the real situation. Certainly industry is leaving the city, but industry has always been leaving it. Old industries decline with technological change and are forced, in their downward spiral, to seek lower costs in remote areas. Their departure is hastened by new industries able to pay more for the same space and labor. Some industrial decentralization is a spillover of healthy metropolitan growth. Some is simple flight from old plants and congestion.

And let's not forget that we are still in a shift toward an automated, service-oriented economy, and that cities always bear the first shocks of readjustment.

This is most obvious in the ghettos; but cities must be looked at in their totality. Cities still possess the bulk of business investment and are likely to remain our business centers. Cities are still the birthplace of many new products, new ideas, quick fortunes. They are still the magnet for the doers, and the bright businessman can still make a buck.

This is not to say our cities aren't in trouble. America has, perhaps unintentionally, permitted a form of



Central Cities Fight Back *continued*



apartheid to develop in its urban areas. We have isolated the poor, the old, the infirm and the ignorant in the central city and left them not only to shift for themselves but even to pay part of the freight for suburbia.

That this state of affairs reached a crisis at the same time Negroes decided they were fed up with second class citizenship is perhaps historical accident. But the seeds of rioting include the appalling conditions arising from the fiscal and economic discrimination against cities by federal and state governments.

With the odds ranged against them, it is a miracle our cities survive at all, much less muddle through. Without their economic vitality, most would not stand a chance.

But making do is not enough. Cities cannot attack today's mobile problems without money and manpower. Most of it must come from the federal and state governments and it should be in bloc grants.

Cities also must do something about their internal structures. Any businessman who found himself with as little authority and as much responsibility as the typical mayor would go berserk in a week. Also, we may have reached the point where metropolitan government should be imposed from the top.

Overlooked opportunity

But these things won't happen overnight. In the meantime, cities and their businessmen can concentrate on building the municipal economy to

the point where the city can pay more of its own way.

Surprisingly, this strategy—the least chancy of all—has received little attention, mostly because of the despairing attitudes recounted earlier. With effort, every city ought to be able to do more. There are, of course, many problems. City officials and businessmen will have to learn to work together.

We must resist the "fast buck" attitude which judges locations of plants on initial costs that frequently are irrelevant in the long haul, and the "short count" approach which ignores everything which can't be computerized.

We must try to document the real economies that businessmen know exist in cities, from the convenience of getting spare parts to the ease in arranging a loan. Being in the marketplace has always had its advantages; some of our business consultants apparently have forgotten it. Cities are and will be the hubs of their regions and we must define their opportunities in this distinctive role.

These are among the goals of the few municipal economic developers now in existence. Three cities—Chicago, Baltimore and Milwaukee—already employ professional economic development specialists to counteract plant raiders feasting on the urban problem. Many other central cities are setting up similar operations.

Pioneering techniques to cope with central city economic realities are being refined, accenting not only the basics of land, labor and raw materials but the total environment as a profit potential. Hardened by the city's hunger and tempered by the constant crises which beset it, these developers chase investments—not only factories but tourism, office construction, distribution, etc. Even health, education and culture have their payoffs.

But basic manufacturing is still a big prize. Milwaukee's Mayor Henry W. Maier, for example, initiated a municipal land bank which so far has lured five suburban firms back into the city. (How's that for a switch?) Milwaukee also has its own 62-acre in-

dustrial renewal project and a field man calling on industry regularly, and is operating on a six-year marketing plan.

Cities map strategy

Milwaukee and other innovating cities have banded together in a national organization known as the Hub Council, headquartered in Baltimore. Financed by a grant from the U. S. Commerce Department's Economic Development Administration, the council is trying to collate the separate city efforts into a common urban economic development strategy. More cities are joining the fight every month.

And despite frequent disappointments, the fight is still worthwhile. In Milwaukee, the 1960's have seen dramatic economic growth. Even in the midst of unprogrammed disruption and such programmed disruptions as expressways and urban renewal, \$84 million in industrial assessments and \$143 million in commercial assessments have been added. In fact, the business portion of our tax base has risen from 51.6 per cent to 55.1 per cent. Hardly evidence of our death as a business center, is it? Baltimore, Chicago, Philadelphia, Louisville, St. Louis, Cleveland, *et al.*, can recount similar stories of growth—perhaps unbalanced and sporadic—but still growth.

What does this mean to the nation's businessmen? You can give as much moral support to cities as you are still giving investment support.

Recognize that the private enterprise system has not broken down in cities but has performed handsomely, considering the odds. Help this vital process along by urging federal and state governments to give cities the kind of help they really need. Let them know that housing and manpower training efforts help little without a healthy municipal economy.

Work with local officials to rebuild our cities. Make them shining examples of our free enterprise democracy instead of international symbols of its failure.

Forget the coffins. Fetch hammers and saws. **END**

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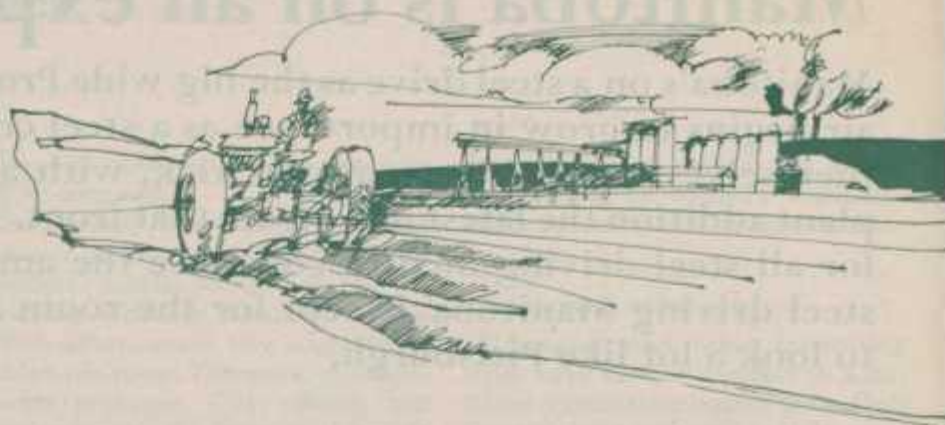
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INDUSTRY'S OWN SPACE QUEST



Rural Plant Sites Are Marketable and Profitable

The saying, "Where industry is, industry goes," is challenged by what's going on in the countryside these days.

More and more industries are veering away from crowded urban centers and all the expensive headaches they imply, and heading toward the benefits offered by relocation in many rural areas.

At first blush this would appear to ignore predictions of experts that in another three decades three out of five Americans will live in teeming metropolitan areas.

Current population projections indicate these urban centers will soon be the home and work places of some 240 million people, jammed into a mere 8.7 per cent of the nation's land space. But there will be another 60 million Americans—about what the U. S. population was in 1900—working and living on the remaining 91.3 per cent of our land.

This is the countryside, which will make up a new industrial frontier and which holds so much promise for the plant location engineer wary of taking on the problems of urban existence.

To imaginatively and effectively use rural space, the presence of two cru-

cial factors is essential—community preparation and industrial training. They are the pivotal elements which determine whether a rural plant location is to be profitable.

Why they pick rural sites

The experience of at least one predominantly rural Southern state is evidence that many people, indeed, think such locations can be profitable. North Carolina has a population of five million, but 63 of its 100 counties have less than 50,000 residents. It has the largest farm population of any state, and in total number of farms ranks second only to Texas.

Yet in 1968, 80 per cent of the 491 new and expanded plants selecting a North Carolina location chose one outside the metropolitan areas. Why?

Rural areas are naturally free from the complex problems surrounding the urban crush, with congestion, pollution and labor turmoil ordinarily virtually unknown.

Also, industry often notes a reduction in absenteeism and turnover when it moves to such an area and hires a typically nonmobile work force with strong ties to the region. But a more realistic explanation of the rural trend is simply that rural people and rural sites are now becoming marketable and profitable, due to training and site preparation.

Industry builds plants where it can

ROBERT E. LEAK, author of this article, is administrator of the Division of Commerce and Industry of the state of North Carolina's Department of Conservation and Development.





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Rural Plant Sites Are Marketable and Profitable *continued*

find adequate water, gas, sewer, rail, truck and power facilities, and where it can hire easily-trainable people. With the help of state governments and professional developers, rural areas now are meeting these requirements and beginning to compete with urban locations.

To prepare the rural area to compete for a plant location, one must anticipate industry's needs. Sites must be fully developed with utilities. Local citizens' public spirit must be mobilized so that it is a positive lure. Many times, speculative buildings may be initiated, offering the possibility of speedy plant openings.

Finally, state-supported training programs must be ready to prepare the people to do the industry's work.

When this entire package is complete, only aggressive industry-hunting remains to finalize the match between a firm's requirements and the readiness of the area.

How areas benefit

While rural plant locations are clearly possible, those considering trying to lure industries to the countryside must satisfy themselves that it is worth the energy. Is it?

Many rural areas throughout the nation are facing serious out-migration problems, an ever-lowering per capita income and, consequently, a diminishing tax base from which to derive revenue to provide governmental services.

The injection of new life which an industrial employer brings is a benefit to all. The plant reaps the dividends that accompany being needed, recruited and aided by the state. The state gains not only in its treasury but in the knowledge that it is improving the living standard of its people. The community reflects the new life through activity on Main Street, new bank deposits and retail sales.

This year, American industry will invest over \$6 billion in land and buildings. Much of this investment will demand an urban base; but the opportunities to be tapped in the countryside suggest that it is becoming good business to do rural business, and that with the proper preparation, America's wealth can genuinely be shared by all the people. **END**

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There's New Life for Old Factories

The general concept of modern industrial development is the "industrial park"—an area of open space, with green grass and paved parking areas, surrounding well landscaped one-story industrial buildings.

It is modern man's response to the ugliness and congestion of the old multistoried, drab factory buildings which were crowded together close to the population centers and transit lines in the late Nineteenth and early Twentieth Centuries. But the assumption that the industrial park is the only response is a fallacy. There is a vital new place for the old factory buildings in the industrial economy of today.

The nature of industrial production requires rental space at reasonable prices. In an urban center like New York City, where over 30,000 manufacturing firms employ some 850,000 people, the bulk—some 87 per cent—employ fewer than 50 people, and most prefer to rent space. Every industrial area in the country requires

such space to support an adequate economic base.

This is where the old factory buildings in the metropolitan area come in. Farsighted investors have seen the opportunity to convert such buildings, often abandoned by a single major user, into multitenant structures where rental rates are substantially below competitive costs for new structures. These buildings then become "incubators" for new or growing industries.

The manufacturer is free of concern for building management. He keeps his capital, often limited, liquid. He frequently can find room for expansion on the premises. The chances are that his rental costs are substantially below what space would cost in a new building—if he could find a new building for rent in the center city.

The "rental gap"

To the small manufacturer, the 50 to 75 cents a square foot cost difference between a new plant and space in an existing factory may be crucial. The older buildings offer a way to beat the "rental gap"—the spread in costs that developed first during 10 years of depression and six years of war from 1930 to 1945 when little or no building occurred, and later in the postwar period of sharply increased building costs.

When an industrialist, in older rented quarters that cost him \$1 a square foot, has to expand, and realizes a new plant in or out of the city may run him the equivalent of \$1.65 a square foot, he will look for an alternative.

The records are full of examples of old factory buildings refurbished by enterprising real estate developers and converted into industrial centers for rent to a variety of industrial users. Occupied by a number of small firms, such space adds diversity to the industrial mix, provides essential blue collar jobs, and strengthens the local economy.

Space in old buildings often will rent at about two thirds the price of new space. As often as not, however, new rental space generally is not being built for multitenant use in the central city. In New York, however, we have seen one major postwar demonstration that multitenant industrial buildings can be developed. The West Side Mart, a 14-story, 1.4 million-square-foot building, provided a specialized structure for manufacturing and distribution, including some office operations. Built on air rights over the Penn Central Yards in mid-Manhattan, it is fully rented at an estimated gross of \$2.50 a square foot.

By contrast, the Brooklyn Navy Yard, now under management of the

PAUL BUSSE, author of this article, has served as executive vice president of the Economic Development Council of New York City, Inc., since 1965. He previously was executive secretary of the Newark Economic Development Committee and, from 1962 to 1964, business administrator of the City of Newark.

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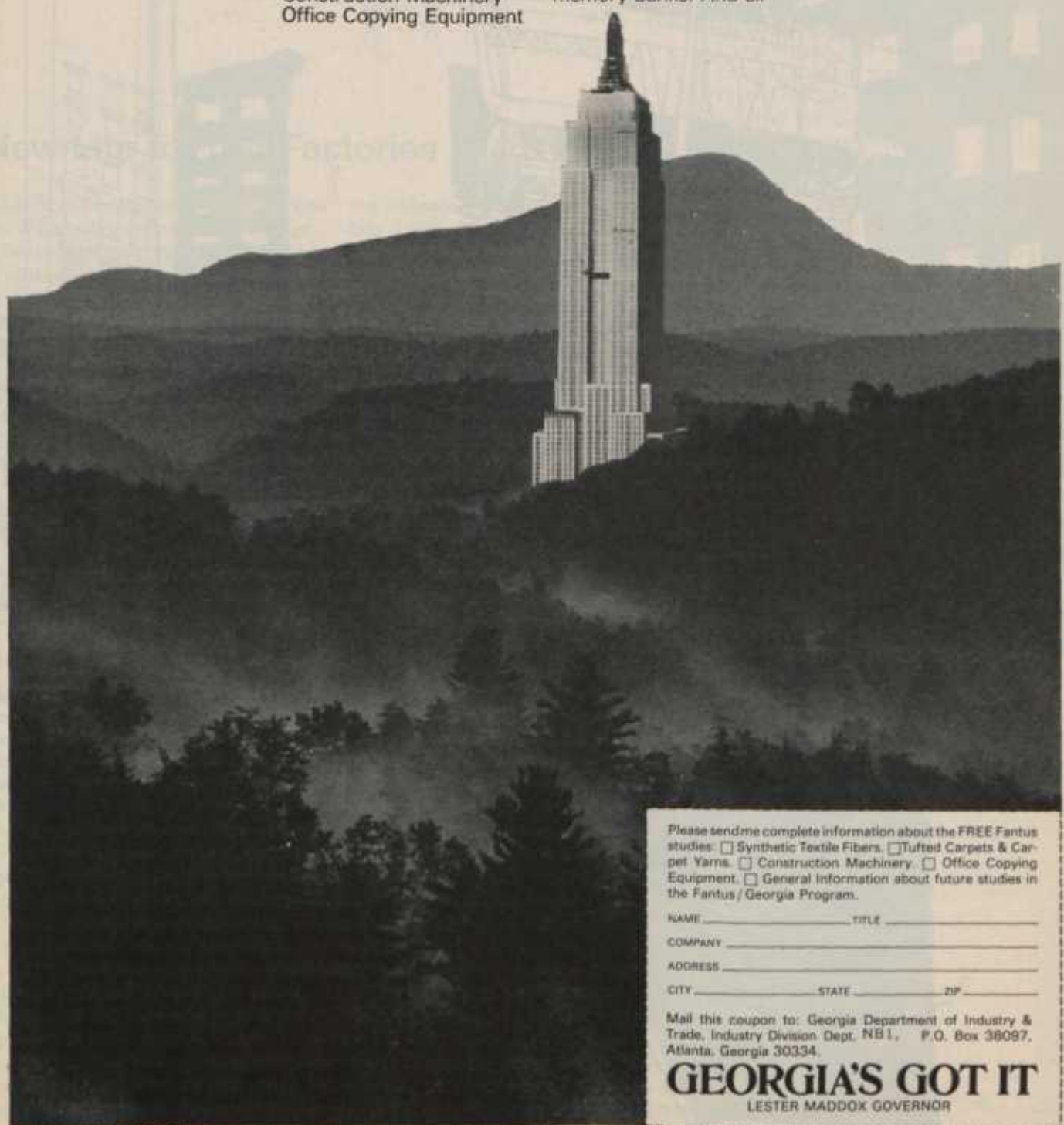
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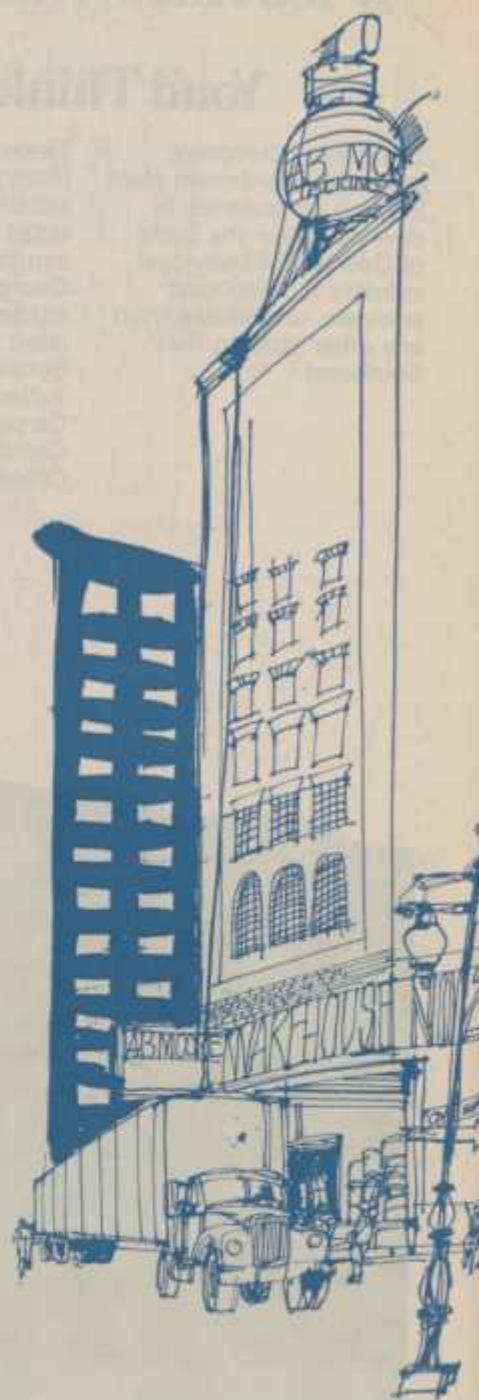
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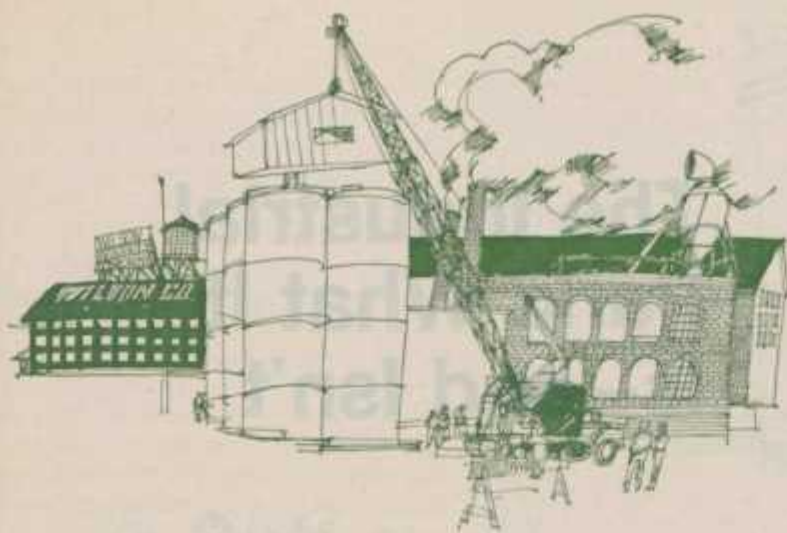
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New Life for Old Factories *continued*

CLICK organization (Commerce, Labor & Industry Corporation of Kings), a nonprofit development corporation, is renting space in existing structures to a variety of tenants, with net rent ranging from 85 cents to \$1.40 a square foot.

Old factory space, properly refurbished, can provide an answer to the problem of the new manufacturing firm that has to have a place to incubate, or the small concern that needs room to expand. In the urban centers where public and private renewal are forcing removal of industry, and where rising land values dictate higher land uses, factory space outside the core is important for the retention of blue collar jobs.

How old space is refilled

Examples of this kind of reuse of old space in the New York area are numerous.

In Elizabeth, N. J., the Durant plant (where prior to the Depression of the 1930's the Durant car was produced) is now an industrial village under one roof. The Singer Co.'s 1.6 million-square-foot factory complex, abandoned in the 1950's, was taken over by a developer and fully rented in a short period. The Mack Truck plant in Plainfield, with more than one million square feet, abandoned in the early 1960's, also is a thriving industrial center.

In a rare instance it is possible to re-engineer an old plant to increase and extend its useful life for an exist-

ing industry. This was done in the late 1950's by Westinghouse, which modernized a multistory transformer plant in the heart of Newark.

Old factory buildings will have a use in the urban economy as long as it remains a fact that without space at reasonable rental levels, many firms would be forced out of the city—while others would probably never get started.

There still remains a question, however, for the urban centers. Some—and hopefully, most—of the industrial firms will succeed in rented, second-hand quarters. Those that do will look for new space for expansion.

Modern technology will in many cases dictate new construction. New industrial construction requires land. Competing uses in the urban center—housing, office space, shopping centers, etc.—contribute to rising land values and discourage industrial development.

We may now be swinging back to the point, therefore, where new multilevel industrial space in our urban centers becomes an essential response to the city's economic needs. The city is where the labor force potential is greatest. The city is where the economic action is. The city is where the economic linkages exist.

To maintain the urban economy's industrial sector is going to take innovation, new techniques and public-private joint action, for the supply of old, usable factories is not without limit.

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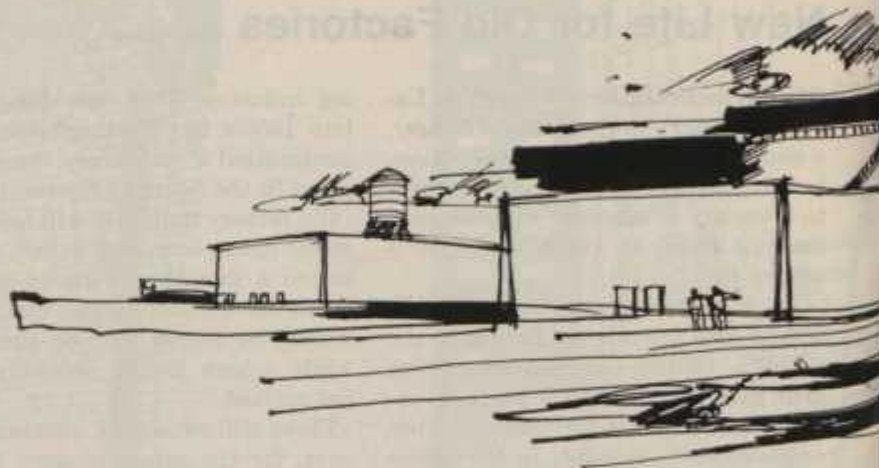
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INDUSTRY'S OWN SPACE QUEST

The Industrial Park: What It Is—and Isn't



Today's industrial park is many things to many people. It can be a sound investment to the developer, an asset to the community, a prestige location to industry.

One thing it isn't is a recent concept. Planned industrial districts have existed in the United States since the early 1900's and are actually refinements of the Roman Empire's "industrial estates," in which lands controlled by individuals or kingdoms were developed as centers of employ-

ment. The requirement for separation of industry and other sectors of urban development has been recognized for many years.

In measuring what today's industrial park is or isn't, three specific questions must be considered: What is an industrial park to a developer? To a community? To industry?

From a land developer's standpoint, significant economic factors must be considered before a decision on locating a park is reached; factors that reach far beyond the decision a single industry faces when choosing a plant location.

The day has passed when an ambitious property owner can place an "XYZ INDUSTRIAL PARK" sign on raw acreage regardless of location, the property's physical characteristics, the surrounding labor market, the availability of adequate trans-

HENRY BOSTWICK JR., author of this article, is the current president of the American Industrial Development Council as well as executive vice president of the San Mateo, Calif., Development Association, Inc. His career has included work in banking, shipping and manufacturing, and direction of a series of political campaigns.



portation and public utility facilities, or the community attitude towards industry.

Today's developer must be guided by firm economic facts.

Next to site location, the major problem he faces is creation of effective, but flexible, deed restrictions, designed to protect his first possible "pilot plant" as well as the unknown prospects who may be his future tenants.

A developer must have the time, skill, energy and—particularly—the finances required to properly plan, assemble and promote his industrial park. It could be one of the most profitable of real estate investments. It also could be a disaster.

To a community, an industrial park can be a tremendous asset. If not properly conceived, it can be restrictive and make no contribution to



The Industrial Park: What It Is—and Isn't *continued*

the economy of the community.

Responsibility is divided

In most communities, responsibility for providing adequate industrial land rests with a multitude of individuals and groups, some professionals, many elected or appointed to positions on boards and commissions. For years, in numerous areas, the accepted general standard for proper land planning was that after every other land use was considered, those properties least desirable for any competing uses would be set aside for industry.

Today, the community that expects to attract industry must recognize its property needs and plan accordingly. Prime properties reserved for other uses must be considered for perhaps greater productive use.

Responsible decision-makers must be alert to the engineering, equipment

and techniques of the modern industrial plant. No longer can they prejudge possible use of industrial properties according to an "assumed" character of a particular industry. The community has to categorize industry by its actual performance, and extreme care must be exercised by those deciding on land allocation. They must understand that what might have been considered an extremely objectionable industry 10 years ago may now qualify for a location in the most restrictive of areas.

Many of these types of industries are now choosing industrial parks. A park can be a boon to a community by providing a central location where employment density and environment can be controlled through proper development.

On the other hand, it can be restrictive, lacking in flexibility to service job requirements in major population

centers where the labor market has dramatically changed, and be of little value in solving some of the core city industrial needs.

Industry needs differ

Industries interested in an industrial park location usually are attracted by the structure of the protective covenants placed on the park by the developer. In most instances, the rougher the covenant, the better management likes it. Executives can feel relatively confident that a park location is a sound investment if for no other reason than that they know the quality of their neighbors, present and prospective.

Their facility planners know that the usual location problems they confront when considering an isolated site in an open industrial area have already been solved. They know that the park developer, anxious to create

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ideal operating and working conditions, has provided for transportation, public utilities, sewerage and other requirements. The degree of aesthetic harmony of the park is easily perceived.

The managers can tell immediately if the provided banking and postal services are adequate for their operations. They can measure their need for the motel and restaurant facilities or perhaps the adjoining golf course or other planned recreational areas. They know what environment means to their particular operations and they can determine the costs and, in most instances, are willing to pay the price.

It must be thoroughly understood, however, that rarely does the interested industry accept environmental qualities offered by an industrial park in lieu of the traditional requirements of an adequate labor market, convenient rail and air facilities, an adequate traffic circulation system providing convenient movements of goods and employees, and—most important—livability of the community.

The entire package is carefully considered, and costs analyzed, before decisions are made.

Obviously, not all types of industry are readily adaptable to the park concept. Some do not qualify even for the ordinary industrial district. These types are usually resource-oriented (examples are refineries and cement plants). There also are many larger research and development firms in new, sophisticated industries that do not require the refinements of the usual industrial park and prefer to create their own campus-like environment away from the major concentrated market or labor-oriented centers.

The industrial park and its tenants today represent a concentration of investment that allows the community an opportunity to afford better recreational facilities for its people—open spaces, fountains, museums, symphony orchestras.

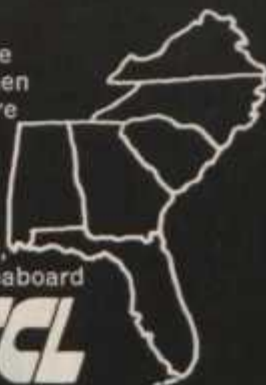
An industrial park isn't the answer to all your community problems but it's a mighty handy piece of merchandise to have if you're expecting industrial customers to come to your community. **END**

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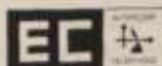
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INDUSTRY'S OWN SPACE QUEST

Indian Country Is a Frontier Again



The Christmas season of 1967 brought to the Navajo Indian reservation one of the century's most violent blizzards. Truck roads to remote parts of the 24,000 square mile area were buried under 100-foot drifts for weeks, and only emergency air drops of food and medical supplies kept the human death toll from mounting to the hundreds.

Even the small Navajo towns scattered along main highways were cut off for days by swirling snows. One such town was Shiprock, N. Mex., on the easterly side of the reservation. But the heartbeat of Shiprock—the new electronics assembly operations of a subsidiary of Fairchild Camera and Instrument Co.—remained strong throughout the crisis.

Nearly 500 Navajos were employed by the company, and only about 7 per cent were absent during the storm days.

The willingness of the Navajos to work when work is available, and the aptness they bring to the job, have been plainly proven to the management of the Fairchild plant and to

other industries newly-located in Indian communities in various parts of the country.

Today, less than four years since the beginning of the Fairchild operations at Shiprock, more than 1,200 Navajos are employed there. The town itself, which for decades had been nothing but a tiny settlement not far from the ship-like rock formation for which it was named, is racing to build new housing, recreation facilities and other necessities to keep pace with the burgeoning population.

Southwest of Shiprock, at Ft. Defiance, Ariz., General Dynamics Corp. is experiencing a like measure of financial success in a manufacturing venture started last year. There, more than 200 Navajos are employed making missile components.

A new partnership

Altogether, more than 130 industries—some of them nationally and internationally known—have located new plants in Indian communities during the past few years. They were attracted by the virtually untapped pools of trainable and adept labor and also by the availability of space at noninflated prices. Such opportunities are found mainly in the West, although there also are extensive Indian lands in some Eastern parts of the United States.

The discovery by American private enterprise of the growth potential of Indian areas has not been a spontane-

PRENTICE MOONEY, author of this article, heads the U. S. Bureau of Indian Affairs' Division of Industrial and Tourism Development. Mr. Mooney has had a quarter-century of top management experience in economic development. He has headed travel and development programs for two states, Missouri and Ohio.

ous phenomenon. Efforts of the Bureau of Indian Affairs, in concert with tribal leadership, are responsible for the new "partnership" flourishing between American industry and American Indians.

The Bureau of Indian Affairs provides what it calls a "one-stop service" to industries seeking new locations and to Indian tribes seeking industrial development through private investment. It offers:

- Help in analyzing an industry's specific requirements.
- Help in selecting a site in an Indian area that best fits the industry's requirements (based on data relating to manpower, community features, taxation, etc.).
- Aid in financing the venture by serving as a no-fee "finder" of capital through private lending sources, federal agencies or Indian tribal loans.
- Liaison between tribal governments and private industry to pave the way for negotiations for land or building leases and employee recruitment.
- Expediting the obtaining of local and state licenses and other permits.
- On-the-job contracts to train Indian employees.

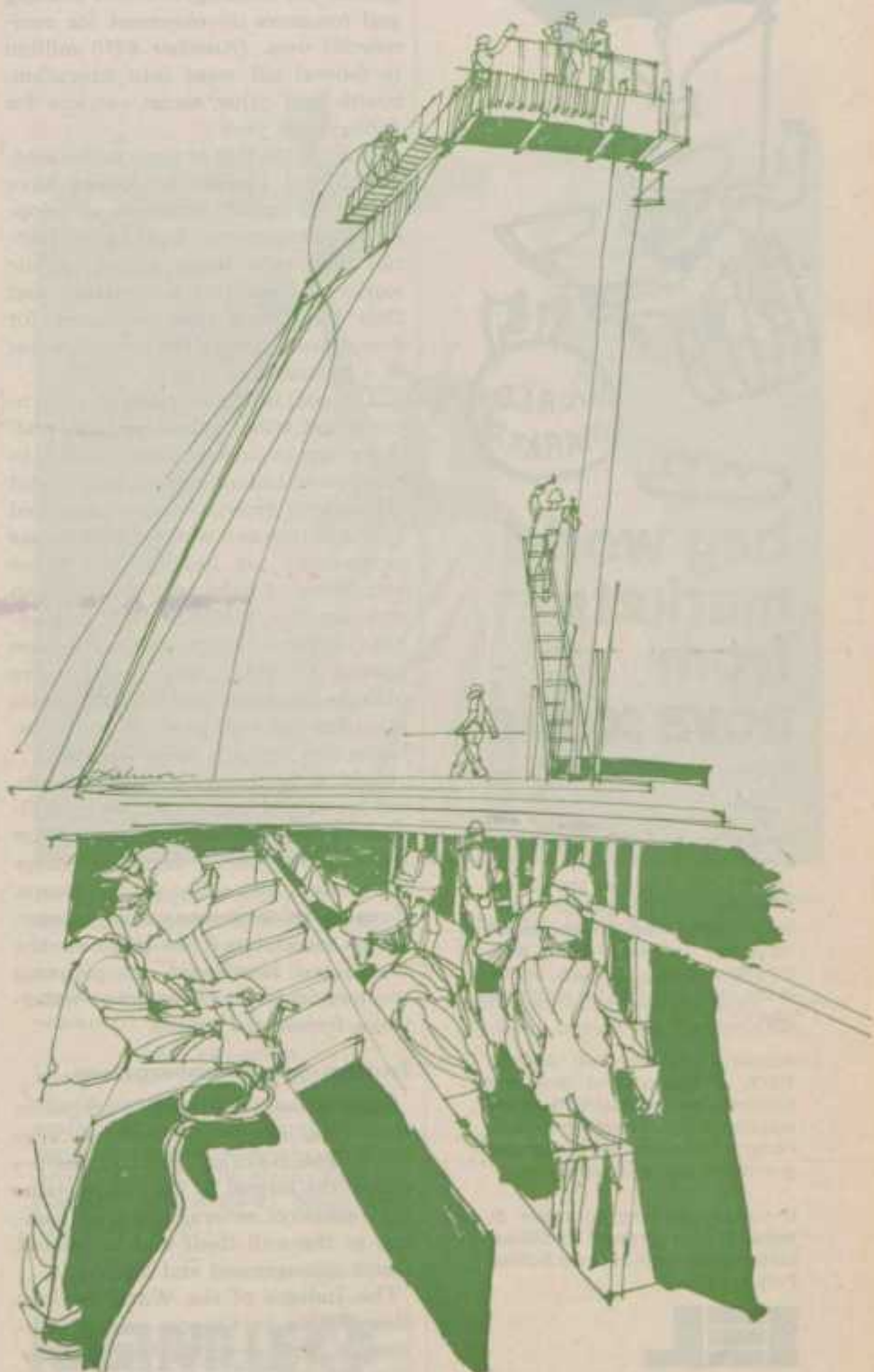
Neither the Bureau of Indian Affairs nor Indian tribes are looking for speculators or poor-risk companies. They want established firms that will offer long-range advantages by their presence in Indian communities, or new firms having ownership and management of known good repute.

Enlightened self-interest

Fiscal soundness is not the only criterion. Indian tribes welcome only those firms known for their enlightened policies in employee and community relations. They want industries that will relate to the Indian people. When Indian employees feel confidence in their employers, they perform skillfully, meticulously and with a personal interest in the company's success.

In return for such considerations, what do Indians offer industry? Manpower, space and a choice of sites, and the opportunity to become part of the growth plans of areas newly emerging from rural isolation.

Federal funds last year poured into Indian reservations to the tune of





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Indian Country Is a Frontier Again *continued*

nearly \$200 million for community public works, roads, business loans and grants, technical aid, planning grants, job training, low-cost housing and resources development for commercial uses. (Another \$275 million in federal aid went into education, health and other social services for Indians last year.)

Many of the 200 or more tribes scattered from Florida to Alaska have organized tribal economic development commissions, housing authorities and, to a lesser extent, public works and utilities authorities; and thus they have the machinery for doing business with the private sector in a businesslike way.

The goal in the merging of government and tribal efforts and the welcome sign to private investment is to bring rural Indian areas into the orbit of economic growth being experienced by the nation as a whole. Indian areas increasingly are linking their plans with those of neighboring nonIndian communities. Where Indian land adjoins urban centers—as is the case around Phoenix, Ariz.—cooperative planning includes not only economic planning but also joint efforts to enhance the region's social aspects.

Building of industrial parks, roads, rail spurs and water and power facilities is coupled with planning for schools, recreation facilities, shopping centers and other such features. Even the more remote and rural reservation areas, such as those in the North and Northwest, are planning commercial use of resources—waterways, forests and ranges.

Indian-owned enterprises

Some tribes are already engaged in their own large-scale business ventures. The Navajos' giant sawmill—one of the largest in the entire country—employs several hundred Indians in the mill itself and in related forest management and logging.

The Indians of the Warm Springs Reservation in Oregon own a fashionable mineral springs resort, Kah-Nee-Ta, that draws tourists from the entire Pacific coast area to its motel, campsites, riding trails and pools and baths. The New Mexico Apaches have built a massive ski-run and lift in the Mescalero range, and the Ari-

zona Apaches have converted into man-made lakes and well-stocked streams some of the mountain country where Geronimo led guerilla attacks decades ago.

Such ambitious enterprises are managed by nonIndians hired by tribal officials who recognize that Indian managerial know-how is limited because of inexperience.

Indian production skills have no such limitations. The Chippewas of North Dakota produce precision bearings, Indians of the Southwest cut industrial diamonds, and Alaskan natives help man and maintain the Distant Early Warning system on the Arctic rim.

The manager of Durant Electronics of Oklahoma, a subsidiary of Strombecker Corp., comments in a manner typical of other employers of Indians: "We have found the Indian worker to be intelligent, trustworthy and the equal of any employee anywhere in the country . . . The Indian people who have been employed at this plant have come up to, and surpassed, our expectations in an extremely short time. . . ."

Oklahoma, where members of 67 tribes live, has more Indians working at all skill levels than any other state. Special credit should go to Phillips Petroleum Co., which operates a division devoted substantially to encouraging partnership between Indians and private industry. The company's president, W. W. Keller, also happens to be principal chief of the Cherokee Nation.

The most innovative venture into a partnership effort between private industry and a tribe began this year, with the establishment of Cherokee Nation Industries, Inc., to manufacture electrical switches, relays and receivers for Western Electric Co.

Western Electric supervised the planning of the Indian firm and trains all the Indian employees. Soon Phillips will commence training more Indians in all aspects of management of the electronics manufacturing business. The objective is to create an Indian-owned enterprise that can stand completely on its own manpower and will provide a continuing source of products for defense-related industries and prime contractors. **END**

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talking about when she says, "I lift
my lamp beside the Golden Door."

NASHVILLE

Competition Will Be Fierce for Future Shares of Land



A couple of hours of jet flying in almost any direction in this country must make one wonder why all the concern about a possible shortage of land for industrial development.

Such a flight reveals hundreds of thousands of acres which seem ideally suited for future plant sites. But is this true?

Land use is the key to how much of this acreage really is available for industrial use. Important as manufacturing is, it involves but one land use among many. And it is well down the priority scale, all factors considered.

A word you will be hearing more and more—ecology—will have increasingly greater bearing on the purpose for which land is being set aside in this country. Ecology—the science concerned with the interrelationship of organisms and their environment—is becoming etched on the national conscience.

In another 30 years ecological considerations will be fundamental to the location of manufacturing, power production facilities and a host of other industries. Cubic feet of air and water will rank with square feet of land when you shop around for sites.

More immediately, we have to look

around at the ravages of pollution. Air pollution is choking our cities. Our rivers and lakes are being poisoned. The effects of pollution have spread out over the countryside. More and more, such conditions will dictate the location of new industry.

The vast rural lands we gaze down upon in flight also face other requirements which remove them from the inventory of available plant sites. There are huge set-asides for forestry, agriculture, watersheds and conservation, which can be expected to remain in their present status for some time to come.

Space for industry is becoming relatively scarce. In the last 30 years what appeared to be abundant has become not necessarily so.

The old and the young

In his excellent guidelines book, "The Age of Discontinuity," the well-known management consultant, Peter F. Drucker, notes that the familiar industries that had their genesis in the closing years of the 1800's will still be with us in the year 2000.

Meanwhile, though, he foresees new industries emerging—those (such as "think tanks") dealing with knowledge, with oceanography, with materials. Of these, only materials has reached an adolescent level during the past three decades or so compared with "old hand" industries like steel, agriculture and electrical power.

It is not easy to gauge the space requirements of these emerging indus-

tries. If I read Mr. Drucker correctly they will not greatly increase the need for industrial space over and above that required for expected industrial expansion.

Space needed for our well-established, old-line industries conceivably may diminish as technological innovations reduce over-all industrial requirements. The constant, however, would be provided by the acreage needed for manufacture of hardware for the new industries. Let us assume, then, that industrial space expansion will follow in the coming 30 years the pattern of the preceding 30.

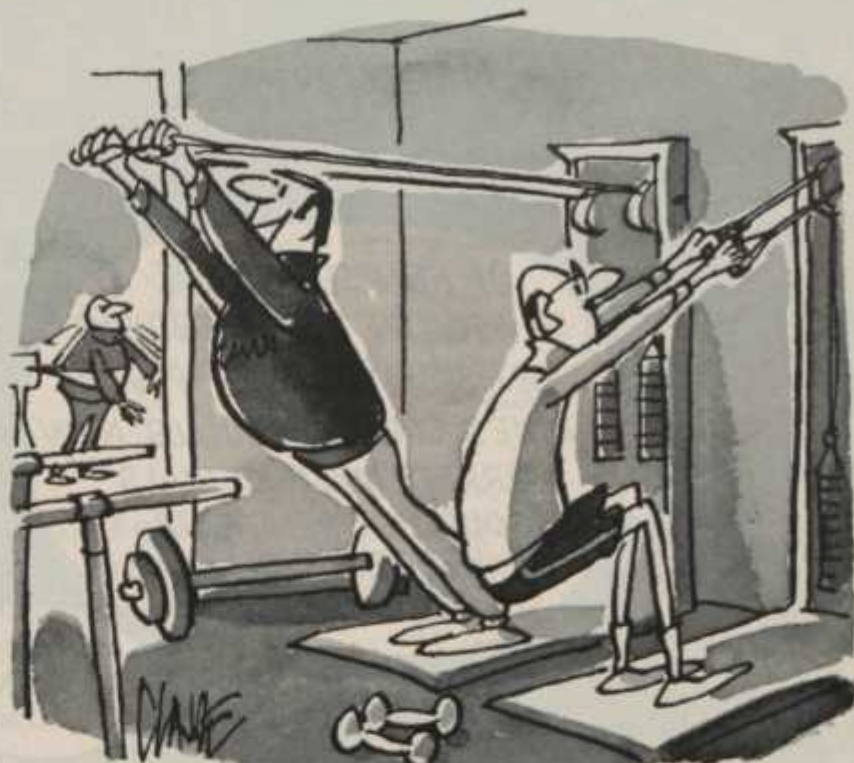
The trend in plant site location cannot be lumped into a single category. It must be viewed from various angles.

Take plants which must be located at or near the source of their raw materials. In agriculture, packing plants are going rural as processing techniques, coupled with expansion of transportation facilities, gradually eliminate the need for city stockyards, abattoirs and other odoriferous industrial installations. This trend and those in mining and other extractive-oriented industries can be expected to spread.

It's difficult to predict the site requirements for the ocean industries. Certainly, factory and processing ships will answer a major site requirement for the fishing industry. But what of chemicals, minerals, petroleum and industries not yet emerged? If seacoast frontage with any appreciable depth is a requirement, the

RICHARD PRESTON, author of this article, is executive vice president of the American Industrial Development Council and a leading authority on the strategy and tactics of planned development. He has directed the development programs of three states.

THE SITE SEEKERS:



"We've narrowed it down to a total strategic area that includes the 3-state Cincinnati Gas & Electric Company area. Now let's check with CG&E and find out if our best choice would be their 3-state area."

people involved in ocean industries had better move fast with their planning, because such land is in short supply. At least when you consider this country's more desirable coastal areas.

In equally short supply is realistically-priced land for industry in the peripheral areas of major urban concentrations. These "think tank-oriented" industries, seeking locations close to major educational centers, are having a difficult time of it already. The land race in this area is well under way.

Industrial land sites are being diminished by the steady take-over of space for highways, airports, warehouses, distribution and transfer facilities and port areas for river, lake and ocean commerce—all inextricably tied in with the industries they serve.

Not the "in" thing

Despite the fact that industrial land is fighting its way up the "ladder of respectability" where zoning and other use controls are in effect, prime industrial land does not rank high in the eyes of local authorities.

They favor, instead, residential and commercial properties and such things as drive-in theaters in considering land use.

The reason: dollars and cents. Industrial land, even though it is promoted as an industrial district, has a relatively slow rate of sale. Land taxes and the promise of future tax yields and other benefits fail to offset the



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THE TRUTH ABOUT BOULWARISM: Trying to do right voluntarily

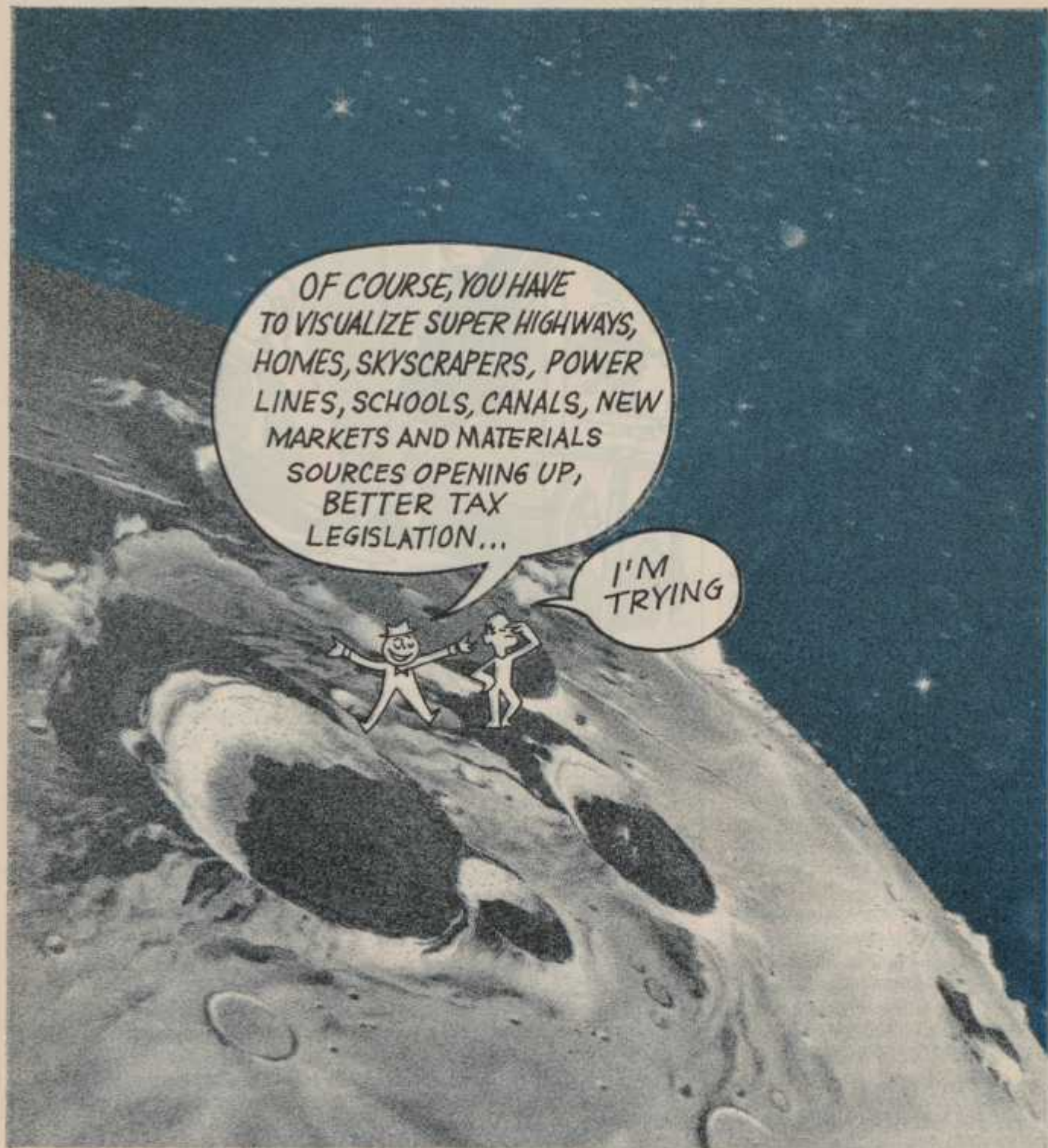
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Locate in the Union Pacific West on Main Street U.S.A.

Competition Will Be Fierce *continued*

desire for more immediate returns. This bird-in-the-hand philosophy often overcomes foresight about the need to retain the land for industry.

Where this race for industrial space will lead, no one can say with conviction. I believe that by the time the new century arrives, manufacturing and related industries will be confined to space designated for them by the process of regional planning and development. We cannot ignore the *prima facie* evidence of today's trends which I have discussed above.

We know that certain things will happen. United States population will continue to mushroom. Food needs and consumer demands will steadily expand. Urban concentration in cities, old and new, will continue to be a part of the pattern of national growth. Ecological considerations will be of ever-mounting importance. Hence, a race for land by a variety of users.

Needing's Mutual

Population and living room are essential, one to the other. As the former expands it increases demands upon the other. As the latter contracts it stifles the former. Existence of our civilization surely demands, therefore, that we plan—and develop within the broad outlines of the plan.

Marshall McLuhan, the economic philosopher, says: "In this age of circuitry the consequences of any action occur at the same time as the action. Thus we now experience a growing need to build the very consequences of our programs into the original design and to put the consumer into the production process." This observation certainly indicates the concept we must program for use of our land.

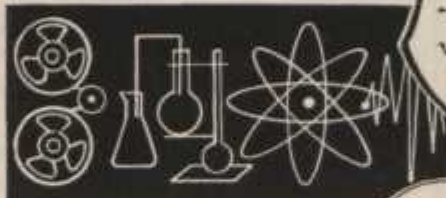
The consequences of development whatever its character must be programmed by careful and realistic planning into a design for balanced growth. Space and sites suitable for industry must have their rightful place in this design. To assure this, I am convinced, will require site designation through the process of regional comprehensive planning and development and as part of a joint effort by both developer and planner.

To achieve these balanced land use practices by the year 2000 we must formulate the concepts and lay the foundation now. **END**

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INDUSTRY'S OWN SPACE QUEST

Closing a Military Base Need Not Be a Tragedy



When word leaked out a few years ago that the Defense Department was going to close the Air Force base at Presque Isle, Maine, a shock wave of disbelief hit the small community.

Faced with the loss of its No. 1 employer, Presque Isle could do two things—panic or take over the installation and convert it into another kind of job-generating enterprise.

Thanks to a forward-looking body of civic and business leaders, Presque Isle chose the latter course and today the payroll on the old base is three times what the military installation's was.

This same choice has confronted hundreds of American communities—many of them small and wholly dependent on military payrolls—since 1961 as some 1,050 military installa-

tions have been shut down by the Pentagon. Secretary of Defense Melvin Laird recently added 36 installations to the list, and has just announced there would be "some" further closings as part of a \$3 billion Pentagon budget cut.

The citizens of Springfield, Mass., foresaw losing hundreds of jobs when official word came that the historic 200-year-old Springfield Armory had outlived its military usefulness.

Springfield is a larger city than Presque Isle and could more easily have absorbed dislocated workers. But it was not content to sit back and lament. It bolted into action, first to try to save the armory, and when that failed, to find other ways to make it remain job-productive.

Springfield was luckier than most communities caught in such a bind. It had nearly a year to act before the close-down went into effect.

Analysis of the most recent list of 36 bases to go on the chopping block shows the ax will fall on 29 before the year's end. And 26 of the affected communities have populations of less than 50,000. Obviously, most of these

JAMES B. COFFEY JR., author of this article, has led one of the nation's most successful programs to use former defense installations for civilian development purposes. He is executive director of the Eastern Maine Economic Development District and also is vice president of the Industrial Development Council of Maine.

newer victims have neither the time nor the resources to fight the shut-down order.

When a community finds itself in this predicament there are some useful steps it can take:

- Community leadership should mobilize and try to accurately assess the impact of the loss of the military payroll.

- A special commission, with broad popular support and guarantees of adequate financial assistance from local government, should be established with a view to purchasing the installation from the government through the General Services Administration.

- This commission should seek competent professional aid from state and regional development commissions. More particularly, it should work with the Defense Department's Office of Economic Adjustment, which can muster invaluable help from other federal agencies.

- The commission must determine the most feasible reuse possibilities of the shut-down facility, such as recreation, housing, transportation, industry or education.

The toughest part

The acquisition phase is, perhaps, the most difficult and the most critical. Negotiations must be handled by professionals. It is imperative that the purchase price not exceed the community's ability to pay.

Those installations closed since 1961 cost the government in the neighborhood of \$7 billion. Bear in mind, though, that those communities which have acquired former military facilities were able to get them for less than the government paid. The precedent is there, and it's a good bargaining weapon.

While it may be considered more ideal to convert a former military base into a single civilian employer there are advantages to a multi-use community asset.

Don't overlook the possibility of asking General Services to subdivide the property into several parcels. If, for example, a series of surplus buildings can be used for educational purposes, GSA will release them at little

or no cost to a community.

In some cases these buildings may be acquired as they become available. This can facilitate their conversion to civilian use and help reduce severe economic dislocation. This is how Springfield executed its gradual take-over of the old armory.

Getting the most out of it

Remember, the job has only begun when a community assumes possession of military property. Next, a professional development staff should be put to work. The Presque Isle Industrial Council came up with a useful set of ground rules that helped ease the transition and at the same time guaranteed maximum, profitable use of the onetime air base:

- No building would be relinquished for recreation or other like purpose until after a trial period.

- Each facility on the base would have to create jobs. In other words, no building could be leased for dead storage except on a short-term basis.

- The jobs involved had to be new to the community, so that no existing industry or business could relocate on the base.

- Rental fees would be scaled according to the number and types of jobs created. The more jobs, the smaller the rental.

- Land or buildings could only be leased, not sold. This gave the city the option, on a long-term arrangement, to seek out desirable, high quality employment opportunities for its citizens.

Some 30 businesses employing 1,800 people—with an annual payroll of nearly \$8 million—now are operating at the former base at Presque Isle. Among other things, there is a municipal airport, a vocational technical institute, a recreation lake, a junior high school and an indoor curling rink.

When a military installation closes for "reasons of national interest," this can produce tragic loss of jobs for a community or result in a decided economic victory. In nearly every case the results depend on the resourcefulness and enterprise of local citizens. There is no magic formula, but there are tested techniques for handling the problem. **END**

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urban action forums

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Chamber of Commerce
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September 23

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September 24

Greater Newark
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Newark, New Jersey

September 25

Columbus Area
Chamber of Commerce
Columbus, Ohio

September 26

Greater Des Moines
Chamber of Commerce
Des Moines, Iowa

September 29

Rockford, Ill.—Beloit, Wis.
Chambers of Commerce
Rockford, Illinois

September 30

Chamber of Commerce
Oakland, California

October 1

Long Beach
Chamber of Commerce
Long Beach, California

October 2

Dallas
Chamber of Commerce
Dallas, Texas

October 3

Wichita Area
Chamber of Commerce
Wichita, Kansas

October 6

South Bend—Mishawaka Area
Chamber of Commerce
South Bend, Indiana

October 7

Greater Chattanooga
Chamber of Commerce
Chattanooga, Tennessee

October 8

Orlando Area
Chamber of Commerce
Orlando, Florida

October 9

Greensboro
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Greensboro, North Carolina

October 10

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A team of federal and other experts on all phases of crime and crime prevention will discuss with you what can be done by businessmen and their organizations about crime in your community. Successful action programs dealing with organized crime—providing safe streets—effective police departments and courts—improving police community relations—will be explored in detail.



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How do you get better education in your community? You—and national and local leaders of business and education—will get answers to such questions as:

Why are many young people—and parents—dissatisfied with the schools? Are schools responding to change? What should be done about teacher strikes? How can communities finance education? Are schools preparing young people for employment? What about racial integration and busing? What is the role of business in improving education? Of chambers of commerce? Of trade and professional associations?



Work Session on Housing

Housing problems differ from city to city—but there are some approaches common to all for dealing with these problems. You can discuss with experts ways to finance low and middle income housing—how to change building codes that interfere with new housing construction techniques—what organizing techniques are proving effective around the country to provide housing—what role companies, organizations and associations can play—what new federal programs are available and how some make use of private enterprise resources—how to approach open housing—and many other big issues to improve your community's physical environment.



Work Session on Manpower

What can communities, chambers of commerce, trade and professional associations, companies do to fill job vacancies, reduce unemployment among segments of the population?

How business leadership can meet its manpower needs by changing personnel practices, combining its resources with new public and private manpower programs, coordinating existing programs.



Herman W. Lay of PepsiCo

From nickels in the front yard to
billions of dollars around the world

You get to sip soft drinks and munch on potato chips when you visit the office of Herman Warden Lay, board chairman of PepsiCo, Inc.

It's partly Mr. Lay's Southern hospitality transported to midtown Manhattan, and it's partly the fact that Mr. Lay is, and always has been, a supersalesman. He figures there's nothing finer he can offer a guest than some of his own products.

That type of thinking has propelled him from proprietorship of a soda stand in front of his home in a South Carolina textile center to the chairmanship of a world-wide soft drink, snack food and services corporation with yearly revenues of nearly a billion dollars.

Despite the pop and chips, however, it's difficult to be completely at ease in his presence. His nervous energy rubs off on all. Paintings of giant clipper ships, straining against tumultuous seas, line his office. They seem to set the pace as he reflects over his years.

He tilts his lean, athletic frame back against his chair, balancing there precariously as he gestures with both arms. To emphasize a point, he slams forward, like a ship over a wave. Then he tosses a leg over the chair arm and continues full sail.

This robust man's company operates through four major divisions: Pepsi-Cola, Frito-Lay, PepsiCo International and PepsiCo Service Industries.

PepsiCo's first step into the rapidly-growing service field was in 1966 when it acquired Lease Plan International, whose operations include fleet leasing of cars and trucks to corporations and the transporting of mobile homes. PepsiCo's service activities further expanded in 1968 with the acquisition of Chandler Leasing Corp., an equipment leasing company, and North American Van Lines, world-wide mover of household goods.

Mr. Lay's firm has more than 1,000 franchised bottlers, more than 3,500 snack food routes, more than 28,000 employees and 51,000 shareholders. Its

customers number 81 million in 116 countries.

How does he do it?

Mr. Lay fetches a dog-eared slip of paper from deep inside his wallet. It is a quotation he copied many years ago.

"The bad thing," it says, "is ability to sense what everybody else is thinking and think like them; but the good thing in judgment is the ability to think of many matters at once in their interdependence, their relative importance and their consequences."

That Mr. Lay has a firm grasp on the good side of judgment comes through clearly in this interview with a NATION'S BUSINESS editor.

Is it true that you started in the soft drink business when you were 10?

Yes. We put up a stand in the front yard of my house in Greenville, S. C. Our home was right in back of the left-field fence of the ball park. In fact, many home runs were hit into

IBM makes

That's right, small.

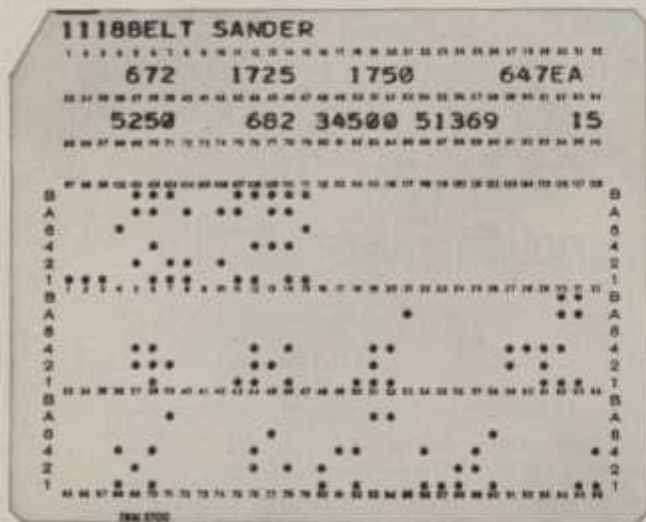
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This is it! Our tiny punch card. Actual size. It can soak up 20 percent more information than one three times its size.

With System/3, you'll use a new punch card that's one-third the size of the regular card.

And for good reason.

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Instead of 80 columns, it has 96 columns.

Which means it can actually absorb 20 percent more information than the 80-column card you're used to seeing.

Cutting it down to size.

There's one thing you'll notice immediately about System/3.

Its size.

System/3 is small. In fact, it's a lot smaller than any business computer we've ever made.

If you have a 350-square-foot room, you have room enough for System/3.

We've been able to cut it down to size because we've been able to use improved circuit families and the small card which lets you do more computing in less space.

But although it's small in size, System/3 is big in memory. You can have as much as 32,768 bytes of core storage.

More with less.

With System/3, you don't have to have a lot of



it small.

machines handling your cards.

Because our multi-function card unit can do as many as six different jobs

It can read up to 500 cards a minute.

And it can also be used to punch, sort, print, collate and reproduce your cards.

For off-line work there are two new separate units you can use with System/3.

A card sorter. And a data recorder for card punching and verifying.

Your choice: disk or card.

System/3 isn't just one computer.

It's your choice.

If you've got a small business, you might already be using some business machines. So for you the card system is worth considering.

If you have a lot of records to store, you might want to choose the disk system.

It gives you direct access to your files.

Which means you can update your inventory or billing records in minutes.

If you run a big business, you might find it economical to put System/3 in every one of your factories. Or in every warehouse.

It'll manage the paperwork.

No matter what system you use, System/3 can make running your business a lot easier.

You can keep tabs on whatever you have (or don't have) in stock. And reorder only what needs reordering.

You can spot a project in trouble. Track vendor shipments. And discover how your salesmen are doing this year compared to last.

In short, System/3 can manage the paperwork while you manage the business.



Our long-playing disks. Each one can give you direct access to 2.45 million bytes of data. As your business gets bigger, just add more disks. Up to four in all.

Easy does it.

And listen to this. System/3 is easy to put in your office. No cables to lay.

No special wiring. Just plug it into any 220-volt line.

The growth computer.

If System/3 makes sense now, it'll make more sense as your business grows.

Because as you grow, it grows.

For example, you can change printing speeds from 100 to 200 lines per minute. Or increase the size of your core storage.

Or let's say you've got the card system and you want to upgrade to the disk system.

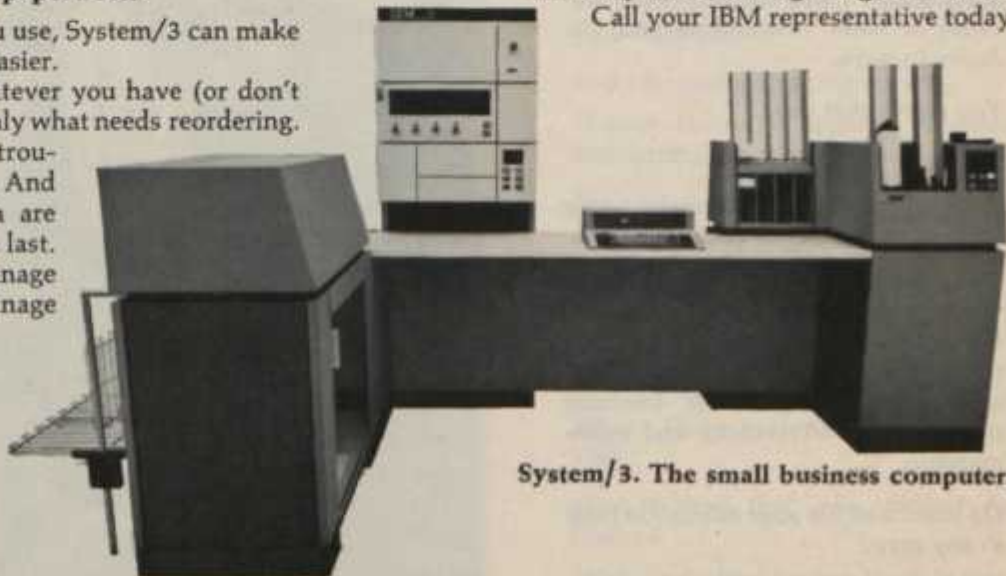
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Call your IBM representative today.



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Lessons of Leadership: Herman W. Lay *continued*

our garden. Soft drinks cost 10 cents inside the ball park. People perched on the trees back of the left-field fence and those coming and going to the game could get a drink from us for a nickel. About two years later the ball park moved, so I followed it and started selling inside.

What did you sell inside?

Peanuts and drinks. I used to have a little slogan. It comes over better if you have a boy's voice: "Hey, get your nicely-roasted, nicely-toasted, California sun-dried, long-eared, double-jointed peanuts! Five a bag."

I think I was one of the leading salesmen because I had an act.

What were your boyhood ambitions?

The leading one was to be a professional baseball player, and the second was to be a salesman like my father. I loved to sell things. I loved to make my own way and have total responsibility for my own funds, my own spending money.

But up until it was proved to me it couldn't work, my real ambition was to be a professional baseball player.

In 1965 you were honored by Furman University as the outstanding alumnus of the year, the first time this award was given, even though you didn't finish there.

I was pleased with that. I started to study a general liberal arts program. I went there initially on an athletic scholarship. I left the university because of sheer restlessness and the desire to work.

You regret that now?

Yes.

But you didn't stop learning; you took correspondence courses.

Yes, I did. About all I made when I was working in a farm machinery company office went to pay for correspondence courses. I took shorthand and typing, bookkeeping, business management, advertising and salesmanship.

Do you continue your education now in any way?

Not to the extent that I did. Up until a few years ago I attended most every type of seminar or business

course or management course that the American Management Association put on. I led a couple of seminars for a number of years when I became interested in so-called scientific management.

Are today's business schools doing a good job?

I am not qualified to give an informed opinion, but I do think it's urgently important that they get across the basic philosophy that there is a continuing opportunity for people to get ahead.

Some of the books I read, some of the things I see on TV, preach just the opposite. They imply that people who have achieved wealth have done it mainly by inheritance; that there is a narrow hierarchy in this country and

that the opportunity to invade that hierarchy and become wealthy does not exist. I don't think the facts bear that out. Opportunity is just as great today—and even greater—than when I started out.

I think it is important that the business schools and, of course, even liberal arts courses, get this philosophy across.

Do you think the Depression had any influence on your ways of thinking?

Yes, unquestionably it did. I have tried to be aggressive, and I guess I have an aggressive tendency anyway, but I have tempered that with a degree of conservatism, because I can remember the Depression very well.

I had three jobs during the depths of the Depression. The first one was as a

In the days when he first started his snack food business, Herman Lay (left) stands beside a prized automobile.



combination clerk and salesman for a farm machinery company. I wanted to be a full-time salesman but I didn't feel I could know the product well enough to sell farm machinery.

I could almost take a plow apart in the dark like a soldier can dismantle a machine gun, but I didn't know how to farm. My father was a farm machinery salesman, but he had been reared on a farm. When I traveled with him I would listen to him talk about the seasons of the year and the crops and all the background you need to understand what the machinery can do and what its selling points are. I didn't have it.

So, at the age of 20, I went with a biscuit and cracker company as a white collar salesman. After being laid off, as a casualty of the Depression, I

took a job as a temporary route truck driver for a potato chip company.

I remember many of the customers I called on in those days who went into receivership.

The Depression did make me more conservative. It left me with an attitude of let's go forward, but in a solvent manner.

How do you motivate people to do a good job? I understand you have profit-sharing programs.

Yes, we do. We have a plan for almost all management people. I think it is even more important in the beginning of a small business to offer an employee this great opportunity to achieve for himself more than he might otherwise.

When I incorporated H. W. Lay &

Co. we offered all 15 sales employees an opportunity to buy stock in the business. We also offered the same opportunity to the girls who worked in the shop, the stenographers.

This initial investment of a few hundred dollars by some of these employees has a value in excess of a million dollars today.

We also offered this opportunity to some associates, including the man who ran the filling station across the street and was so helpful to us in keeping our little fleet going. He kept on buying and is extremely wealthy today. That was a form of profit sharing.

I am told that in 1949 you thought seriously of selling your business.

Yes, I just felt it was too good to be true. I couldn't see how people could eat more snacks than they were already eating.

Secondly, there comes a time when you have to stop and catch your breath. I never walked much in those days; I ran all the time. I reached a point where I was tired and ill. I had ulcers from this continuous running.

After talking to several concerns about the sale of the business and almost reaching terms once or twice, I sat down with my associates and we really talked it over.

What worried us were the continuing increases in taxes, the governmental controls. We decided finally those were just things you have to contend with and brush aside while going about your business.

And you continued to grow?

Faster. Instead of tapering off, sales and earnings accelerated even faster.

Then you started merging and acquiring?

Yes. We set out with one objective in mind, to become national in operations, distribution, advertising and marketing.

To achieve that we merged Lay's Potato Chips with the Frito Co. in 1962.

Was it then that you moved to Dallas?

Yes, and after having lived in one place that you loved for 20 years, it wasn't easy. But somebody had to move; you couldn't have a home office

The Rev. Norman Vincent Peale presents the Horatio Alger award to Herman Lay (left) as a man in the best tradition of the American success story.





Actress Ruriko Asaoka, who will be Miss Pepsi at Expo '70 in Osaka, Japan, is greeted at PepsiCo, Inc., world headquarters by Board Chairman Lay.

in Dallas and a home office in Atlanta.

Now when the Cowboys play the Falcons, you cheer for the Cowboys?

Yes, in the long run your loyalties shift. I think that's a trait of human nature, but I guess next to the Cowboys, I would like to see the Falcons win. Or maybe I am just now as interested in—officially my office is in New York—in the Jets and Giants. I do business in Cleveland and Chicago, too.

If you keep merging, you will take in the whole league. What is the secret of a successful merger?

The interests of a number of people and a number of things have to be satisfied.

First, it should be to the best interests of the stockholders of both companies. I think it's important that

the people be compatible and have at least the same basic philosophies and objectives.

As an illustration, we felt in the Pepsi-Cola-Frito-Lay merger there was a tremendous opportunity for development of our snack food business abroad.

Frito-Lay had two small operations abroad, one a joint venture and one a franchise or license which was experimental. We had one man in our so-called "international department."

Pepsi-Cola was in some 100 countries, and had 5,000 people working for them abroad. They were established, and we felt a merger would materially help us develop a food division abroad.

We felt that, after all, snacks and soft drinks went together well and both companies would have a wider area of marketing talent from which they could draw.

What do you think of the Justice Department's continuing campaign against mergers?

Well, it's a very difficult and complicated subject to deal with. The Federal Trade Commission questioned the merger of Frito and Lay. A settlement was made.

I must say that I can't, from the standpoint of my basic philosophy, disagree with the premise that monopolies are not good for business, and particularly some of the types of monopolies which have existed more often abroad. On the other hand, I have not seen a true monopoly in this country, and basically I do not feel that business mergers necessarily develop monopolies, but more often, create additional competition.

What do you feel the proper relationship between government and business should be?

Well, I think businessmen should take a very vital interest in political and governmental affairs, as more and more have in the last few years. I think it's necessary to protect their own interest from punitive legislation.

As for government's relation to business, I don't hold to the view that there should be no regulation at all. No organized endeavor can exist without law and without some regulation. I think the dispute many businessmen have with government is over the degree of regulation.

Since the merger with Pepsi-Cola where do you spend your time?

About half in Dallas, where my home is, and half in New York City. The commuting, in the jet age, isn't as difficult as it might seem. My family and I both enjoy the time we spend in New York.

Flying is more convenient for me possibly than for some, because I don't carry any luggage—oh, maybe an extra suit over my shoulder. I don't waste any time at the luggage counter.

It's three hours flying time from Dallas to New York. With the volume of reports and studies you have, an hour or two comes in handy. And flying gives you a chance to look out the window and sort of reflect and maybe meditate a little bit on the

future and decide what is important and what is not important.

What do you see as the future of your company?

We are very optimistic. We feel we are in the type of business that will continue to grow.

You feel the future of American business in general also is bright?

Yes, I do. More and more people will be able to buy—and I emphasize “buy” instead of having given to them—more and more things that will make their lives easier and more enjoyable.

Do you think a young man can start out with nothing today, as you did, and expect to succeed?

Very definitely. There are so many new products emerging, and even new industries. The opportunity to be in the right place at the right time and take advantage of it is as great as it was in my youth.

Are today's young people as eager to work as those of the past?

I think that the ease of life may result in less motivation in some young people.

On the other hand, young men today are a lot smarter, more sophisticated and better educated than my generation. When I see these young men really driving ahead, then I say, “Gee, this fellow at 30 will be smarter than I was at 50.”

Is there any advice you would give a young man starting out in business today?

Yes, “stick-to-itiveness.” I think that's one of the important traits a young man should have. And he should not be overcome by initial adversity.

He should resolve that if it's a business career he is interested in, then he's going to have to make some sacrifices along the way. He will have to put more than the average amount of time and effort into his career. He has to sort of eat it and sleep it, and sometimes the family is going to have

to share in the sacrifices. Sometimes the things he loves to do so much personally, like sports, will have to be bypassed.

If he is dedicated to a business career, then the business has to come first. If he follows the philosophy of “what's good for the business,” in the long run it will also be what's good for him.

How do you relax?

By reading, for one thing. I don't do enough of it. That's one of the prices I am paying now, and I don't like it. I like conversation and I like people. Being people-oriented, as I am, is a hobby as much as playing cards or playing golf.

At the dedication of the H. W. Lay Hall at Drury College last March you said: “It may well be more prudent for the affluent to be less selfish in order to protect their own self interest.” Can you expand on that a bit?

When that was written—and I did

write that myself—I had just finished reading Will and Ariel Durant's synopsis of the “Story of Civilization” and I paraphrased them.

They say history proves that this society we are in, in spite of its shortcomings, has proven to be the best.

That is why I conclude that for their self-preservation, those who have been fortunate have to share. We have to support institutions that will preserve our way of life, our economic and business systems, and help support those less fortunate.

Otherwise everything would have to be supported by the taxpayer and managed by the government. END

REPRINTS of “Lessons of Leadership: Part LII—Herman W. Lay of PepsiCo” may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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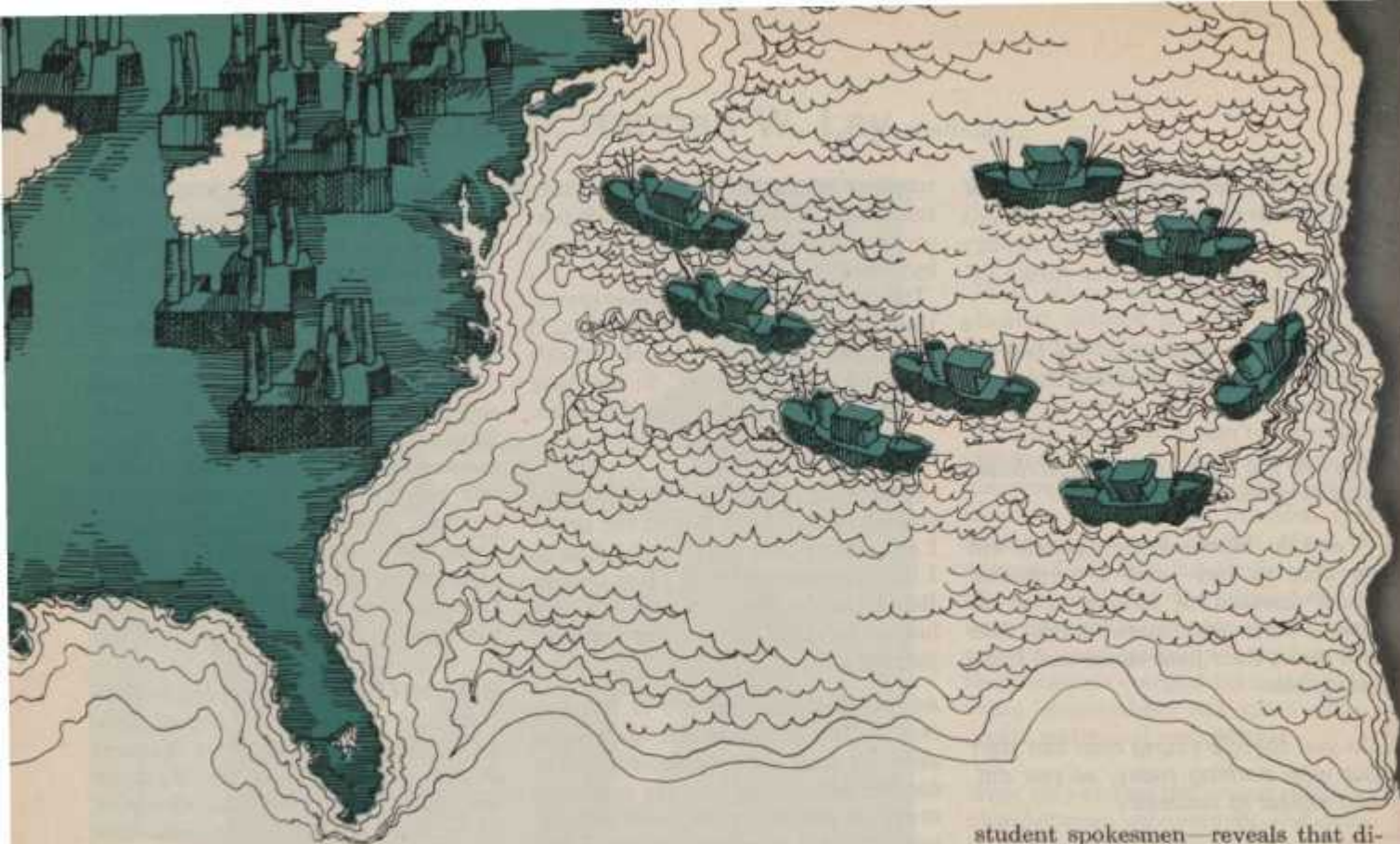
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TRADE: RIFT OR REASON

Fears of a commercial chasm opening between Western Europe and the United States can be dispelled by government—and business—working together on both sides of the Atlantic

Profound changes in U.S.-European relations present American government and business leaders with the greatest challenges—and opportunities—since World War II.

GENE E. BRADLEY, author of this article, is the new president of the International Management Association. Formerly General Electric's manager of international government relations, he is a director of the Atlantic Council and member of various international committees. He authored the book, "Building the American-European Market" (Dow Jones-Irwin), which develops corporate strategy of the '70's. The views in the article are his own, and not necessarily those of any single organization.

The sudden exit of Gen. Charles de Gaulle and the swift acceptance of the new French President, Georges Pompidou, symbolize the changes in motion in the Atlantic Community.

How American businessmen respond to these changes—or permit the 1970's to develop by accident—will affect not only growth and profits but the very issues of peace and war.

A sick and divided Atlantic Alliance could not keep its commitments to NATO and West Berlin. And without a powerful NATO, pressures could become irresistible in Europe, the Middle East, and many parts of the developing world.

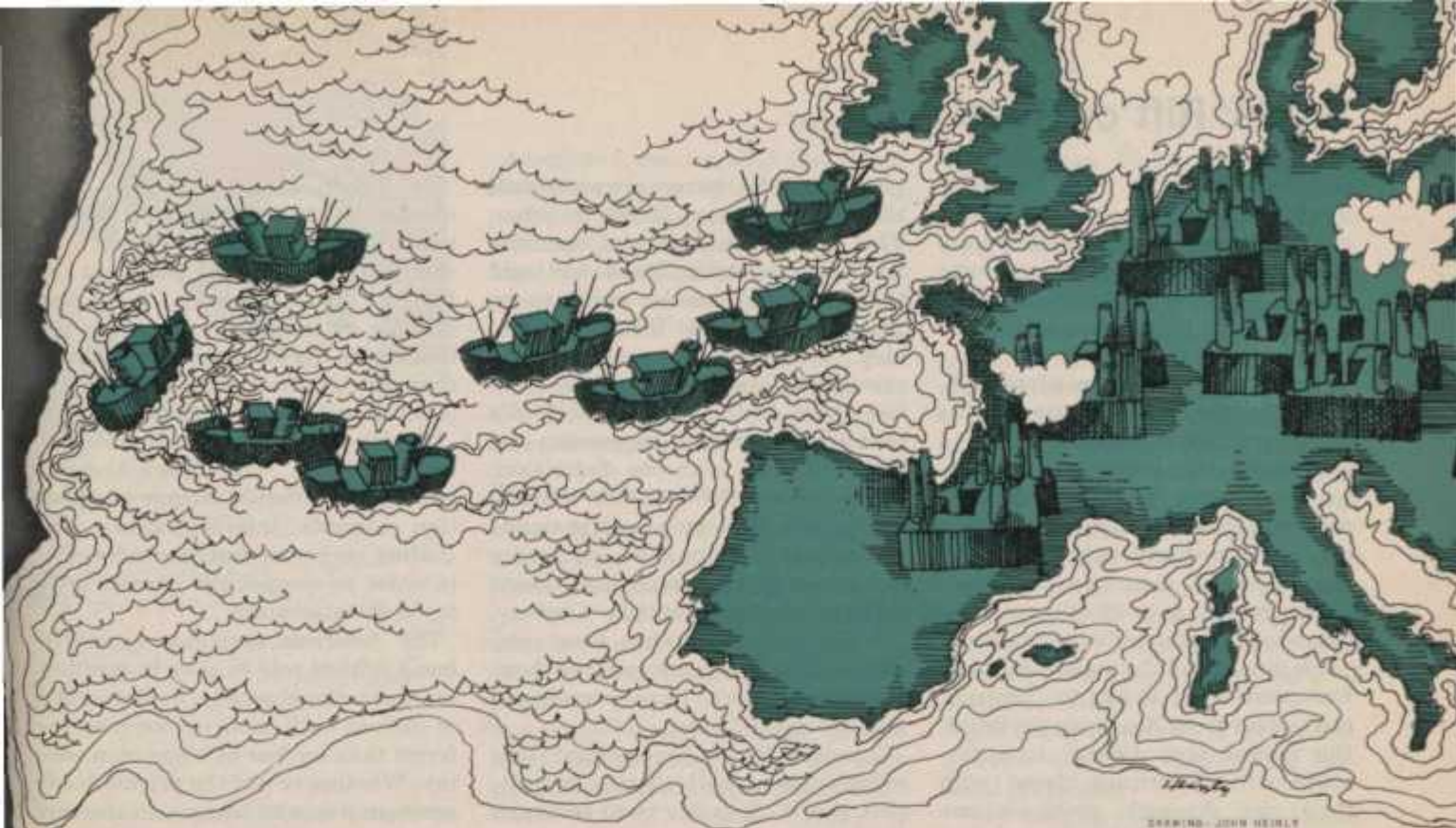
A nine-nation series of discussions in Europe—with several hundred political, defense, financial, business and

student spokesmen—reveals that diametrically opposite forces are in motion as President Nixon moves forward, out of the 1960's and into a new decade with a new Administration. History will be decided by which set of forces we decide to back.

On the one hand, we found on a task force tour of Europe that Europeans' interest in defending themselves and interest in the world outside themselves was at a low point. Europe's mood was one of frustration, uncertainty, complacency toward the USSR, desire for détente, preoccupation with domestic problems and fear of American trade protectionism, coupled with a fading vision and hope for European unity. Within Europe and between Europe and the U.S., the trend was to look in, not out. In many ways Europe—like America—appears to be more directionless than in years, dazed by a barrage of domestic crises.

On the other hand, this being directionless—for either Europe or America—is not totally bad. A year ago Europe's "direction" often seemed anti-American. Jean-Jacques Servan-Schreiber's book, "The American Challenge," was a best seller everywhere. It warned against the threat of U.S. economic-corporate "domination." The great fear in Europe was being Americanized.

Today, with new Presidents in both the Elysée Palace and the White



DRAWING: JOHN HEINLE

House, there is a positive trend toward closer understanding, helped along by at least six events during the past year:

- The Paris riots, which proved that other societies—not just the American—were having troubles;
- The Paris-based Viet Nam peace talks, which took much of the heat out of anti-American “war” charges;
- The repeated financial crises—not just dollars but pounds, francs, marks, gold and even the international monetary system itself—which have convinced many people that the world had best cooperate for joint survival;
- The Apollo triumph in reaching the moon, which led many to think America isn’t so “sick” after all;
- President Nixon’s election and early trip to Europe, which brought a European response in friendship beyond that which could reasonably have been hoped; and
- The election of Pompidou, who, according to those who know him, should be more inclined than De Gaulle to favor Britain’s entry into the Common Market and closer ties both with NATO and the U. S.

A poll carried out by COFREMCA in which 2,250 Frenchmen were questioned exploded a popular myth: namely, that the American businessman is considered the greatest threat to French sovereignty since Hitler.

The majority of Frenchmen in the survey did say that “there is a coun-

try which represents an economic danger to France”—57.2 per cent yes, 27.5 per cent no, 15.1 per cent no reply. But the U. S. did not head the list:

It was:

Germany	28.4 per cent
United States	10.1 per cent
Japan	5.5 per cent
Great Britain	4.4 per cent
China	2.2 per cent
USSR	1.6 per cent

If the French do not consider the Soviets a major threat, neither do they consider them an inspiration. The U. S.—not the USSR—is increasingly held as a model to emulate. This is best illustrated by European reaction to America’s Apollo trips to the moon. As a French friend told me, Europeans observed, “The Americans are doing as well as the Russians (or better) in space, and much better on the ground. The Russians are exploring space at the expense of their own people.”

My friend personalized the reaction by describing his own teen-age daughter. Before Apollo’s round trip to the moon during the last Christmas season, the daughter was anti-American. Then in quick succession she watched Astronaut Frank Borman on television, shook hands with him when he went to Paris, and visited America for three months as an exchange student at a Kansas school.

Back in France, she told her dad

she now respects and likes America, and wants to return.

“You know,” she said, “Americans may be spoiled and a little too rich. But they are open and genuine. In America I discovered democracy.”

In balance, the forces we have working for us are greater than the forces working against us.

In perspective, internationalism has worked almost miraculously well—evidenced by the fact that this year is the twentieth year that NATO has preserved the peace in Western Europe.

Perils of protectionism

Yet at this very peak of multinationalism, protectionism has reached new heights. At this writing, over half of both houses of Congress have sponsored quota bills: 223 Representatives, and 59 Senators. This legislation, if passed, could affect an estimated \$10 billion in foreign imports.

In each nation we visited, Europeans were aware of this threat but unaware of their own contributions to protectionism which had helped to bring on the threat.

Time after time we confronted our European allies with the fact that the dike could break at any time, unless Congressmen saw some movement—in Europe—towards more liberalized trade.

But instead, they saw new withdrawals towards protectionism.

As just one illustration, we cited the

Trade: Rift or Reason *continued*

so-called "Manholt Plan" which—in violation of a General Agreement on Tariffs and Trade (GATT) provision—would raise the tax on butter substitutes, thereby threatening \$500 million in U. S. soybean exports to Europe.

Time after time we received substantially the same response: that Europeans are staggering under a load of domestic problems. Take butter, and butter surpluses—the European Economic Community's whole common agricultural policy could collapse under a mountain of butter.

The problem is politically volatile, involving literally millions of farmers.

It is not difficult to understand why Europeans want to tax to "protect" themselves from American soybeans. But neither is it difficult to understand why Americans, faced with their own domestic problems, are unwilling to be on the short end of what they consider to be a double standard. After carrying the burden of free world leadership for two decades, including much of NATO, the Marshall Plan and AID programs, Americans simply are not in a mood to penalize their own farmers in order to help the Europeans.

Take another example we presented in meeting after meeting across Europe: nationalistic procurement. European nationalistic procurement practices screen out American exports, even as European companies get financial aids to penetrate the American market. The most striking example of this is in the field represented by the industry with which I have most recently been associated, the heavy electrical field. European-owned utilities buy at home, refuse American offers regardless of price, quality or delivery. This is true even as European electrical manufacturers capture up to 75 per cent of certain crucial American public utility markets, such as U. S. federal power agency purchases (TVA and Bonneville) for extra high voltage transmission equipment.

We cited these cases, and others, not because we sought protection. We cited them in order to warn against protection.

In turn, the Europeans lodged their complaints against America.

There is some right and some wrong on both sides.

But when the charges are presented, the first inclination is not to listen. This could be deadly. Commerce Secretary Maurice Stans has said that the whole world seems to be going protectionist. The "unthinkable" could happen: a series of reprisals and counterreprisals not unlike those of the 1920's and 1930's that led to the Great Depression and World War II, with one distinction: today we are living in the thermodynamic era. Economic warfare among the Atlantic nations is an indulgence we cannot afford during these closing decades of the Twentieth Century.

In the past, Europeans have complained that America dominated them. Conversely they have complained that we ignored them.

President Nixon has touched base refreshingly on both themes: namely, that the U. S. policy is to recognize that Europe has the right to determine its own future, but that we have a responsibility to respond to European initiatives.

What Mr. Nixon has not said is equally crucial. Thoughtful Europeans recognize that Europe is not a "unit," and that only America—which is the world's most powerful unit—has the power and stature to take initiatives that make sense.

Oliver Long, new director general of GATT, said privately (but in a statement he authorized for publication): "Every major development in GATT since its creation has happened under American initiative. Without American initiative in the right direction in the future, nothing of substance will be accomplished in the GATT."

In the new era of relationships—which means eyeball-to-eyeball bargaining for fair, free trade, and the end of double standards—the governments cannot do the job alone.

Private initiatives needed

Also needed are fresh initiatives from the private sector.

Dr. Aurelio Peccei, one of Europe's leading corporate statesmen, fears a dangerous chasm is developing between America and Europe which, unchecked, could divide us into separate societies. Such a cleavage, he argues, would be tragic for Europe, for the United States, and for the world.

Dr. Peccei is not a dreamy-eyed idealist but a tough-minded practitioner in corporate world affairs: vice chairman of Olivetti, president of Fiat for Latin America, managing director of Italconsult, which is active across the developing world, and chairman of the Committee for Atlantic Economic Cooperation.

Writing in his book just published by MacMillan, "The Chasm Ahead," he calls for a radical change of direction towards interdependence—including corporate interdependence—in order to combat the current drift towards nationalism.

The American corporate executive has a critical role to play in creation of transnational society, a community of nations built more on common interest than on fear of a common enemy. Whether or not the private businessman wants to become an element and force on the international scene is now beside the point. What he does—or fails to do—tangibly affects the growth, progress and solidarity of today's interdependent world.

The size of America's corporate stake is generally underestimated. We note that only 4 per cent of America's GNP goes into exports, compared to:

Belgium-Luxembourg	35 per cent
Netherlands	32 per cent
West Germany	18 per cent
Italy	13 per cent
France	11 per cent
Japan	9 per cent

Further, we tend to think that even this small per cent of U. S. international trade goes to the "giant corporations." The assumption is that most U. S. small and medium companies are marginally affected, if at all.

It is true that in 1967, only 4 per cent of U. S. GNP was in exports. But that 4 per cent equaled \$30 billion. In addition, during the same year, U. S. companies had a total direct investment outside the United States of \$60 billion. Further, that \$60 billion in direct private investment produced \$120 billion in revenue. That \$120 billion in U. S. overseas output is a rather substantial sum—and stake—when set beside America's domestic GNP of \$790 billion for the same year.

Even in straight exports a myriad of American companies are involved.



not just the giants. Best records indicate that between 14,000 and 16,000 U. S. companies are actively engaged in exports, and 25,000 companies have reported to the Commerce Department that they are interested in exports. About 700,000 export declarations go through Commerce each month indicating plans to export. That is hardly a "marginal activity."

While serving with the Atlantic Council in its current program directed towards improving the European-U. S. business climate, I worked with Leo Cherne, executive director of the Research Institute of America, in measuring attitudes of U. S. companies doing business abroad. RIA tested 1,000 of its members, and results were surprising:

- Three out of five respondents to the survey reported they are engaged in exporting or selling goods for exports;
- One out of five derives some income from foreign licensing of patents, trade names, or copyrights; and
- Nearly as many receive income from owned or affiliated corporations abroad.

Two significant aspects of these findings are:

First, a very substantial part of the increase in U. S. operations abroad represents entry of medium and smaller companies into the foreign market.

Second, companies operating successfully in foreign markets gain a competitive edge at home.

Americans are learning the lesson long known by many of their trading partners abroad: namely, that government and industry must work together as a team to negotiate successfully on the international scene.

The issues of trade, investments, balance of payments, dollar-and-gold flow, and political sensitivities are too intertwined for either government or industry to "go it alone."

Teamwork scores

The Japanese, as one shining example, have long known this lesson. Their phenomenal growth rate of 14 per cent per annum indicates the success of a national effort.

By contrast, Americans never really began to evolve a "country team" approach—involving both government and industry—until the Kennedy Round trade negotiations which ended in 1967. Scores of American businessmen were invited to testify at Trade Expansion Act hearings.

The "dialogue" was under way; it continues. Those closest to the scene in government—in the White House, Office of Special Representative for Trade Negotiations, Commerce, State and Treasury—and those closest to the scene in industry are now speaking the same language. They may clash on issues, and that is healthy. But most are in agreement on national objectives: specifically, the movement toward freer trade that is also fair. "Double standards" have to go, one way or another.

Should there ever be a "Nixon Round" to knock down the remaining nontariff barriers, even closer government-industry support will be

required than during the Kennedy Round.

The time is none too early for devising a coordinated strategy.

In truth businessmen of all nationalities have more to win through open competition than through closed protection. This point emerged in a recent dinner conversation in Washington between two corporate chief executives—one American, the other Norwegian. The two agreed they were both chafing against the same kind of unfair competition. The question arose: What can businessmen do across borders to get their governments to abide by the same ground rules? The American commented, with deep feeling born of deep frustration:

"I'm going to survive if we get into a trade war. I'm approaching personal retirement.

"My company will survive. We in America are not so dependent on foreign commerce as you are in Norway.

"Even the United States will survive. "But many of my friends abroad won't. Their whole livelihood is international. And yet I can't get them to listen—except to themselves, to their own arguments. I can't convince them that the dam is about to break.

"How do we get through to each other?"

To me, this was an encouraging—not discouraging—discussion. For while the American and Norwegian were discouraged, they were talking and they were listening, and they were getting through to each other. This is the hope of the future. END

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Why Sales Executives Fail

A man we'll call John Jackson has been hired by the Acme Nugget Co. as vice president for sales and marketing. It's Monday morning and Mr. Jackson has just reported for his first day on the job.

He looks around his spacious corner office, at the six big windows, the bright, comfortable chairs, the new carpet. He sits in the relaxing executive chair, places his hands on the fresh new desk blotter, eyes the secretary sitting, poised and attentive, outside the door.

How long can Mr. Jackson expect to last in his new job?

About four and a half years, statistics show.

Why will he leave it?

Because he will not have been profitable. And he won't know what happened to him—because he won't have any clear idea whether he is a profitable operator.

Who says so? Henry K. Astwood, director of the Sales Manpower Foundation in New York, does.

Mr. Astwood can make such predictions with great accuracy. Over the past decade he has counseled thousands of sales executives about why they are in trouble in their present jobs; how they can exploit untapped resources to get out of trouble; how they can get—and keep—new jobs.

The Sales Manpower Foundation matches jobs with men. It maintains a current file of résumés submitted by salesmen and sales executives, handling about 10,000 résumés per year. But the files are cleaned out every month—"no deadwood"—so that at any given time they will contain 1,000 to 1,200 names.

Dips in a talent reservoir

Members of the Foundation—mostly corporations, with a scattering of executive search firms—pay \$250 annually to cover the cost of the nonprofit operation. This membership entitles them to selection and referral privileges—access to the reservoir of sales talent which is available at Foundation headquarters in New York. For job seekers, the service involves no charge.

The Sales Manpower Foundation acts as more than a clearinghouse for talent. One of its main services is the Man Marketing Council.

At its weekly sessions, salesmen and executives receive coaching in how to get new jobs. Paradoxically, they need the help more, probably, than any other class of men in business.

JOHN J. TARRANT, author of this article, is a former vice president, Benton and Bowles, and director of programs, Research Institute of America. His book, "Tomorrow's Techniques for Today's Salesmen," is scheduled for publication soon.



DRAWINGS BY CHARLES A. DODD

"The typical marketing man," says Mr. Astwood, "can market a product or service expertly—maybe even brilliantly. But he doesn't know how to market himself."

Mr. Astwood has seen, over and over, recurring patterns of failure in the careers of sales executives.

"Good sales managers," he observes, "are people-oriented. Their minds and energies are always zeroing in on new campaigns, sweeping merchandising plans, daring ideas about how to motivate old Joe out there in the Midwest."

"Balance sheets? Figures on a piece of paper? Don't mean a thing!"

All this is fine—as long as the volume and the profits come rolling in.

But then comes the day when the numbers on the bottom line dwindle. The president is highly sensitive to such shrinkage, and he wants to know why. Like as not, he puts the question to his controller.

"And here is where the marketing man becomes a sitting duck," says Mr. Astwood. "At this point he is the most vulnerable man in American business."

Because the controller is likely to say, "Let me show you some figures." The figures may well show that, while volume is still coming in, sales costs are up. And profit is off.

"Have you talked to John Jackson about this?" asks the president.

"I've tried to," replies the controller. "But all he ever says is 'I don't have time to bother with figures. That's your department.' Then he wants to know when he's going to get a wad of dough to run his next big promotion."

In the ensuing conversation, John Jackson is pictured as a gifted marketing man who knows how to spend money, but doesn't know anything else about the

financial logic of the organization. And the consensus is that, when things get a little tight, the last thing the company can afford is a marketing man—no matter how brilliant—who throws money around like a sailor on shore leave.

John Jackson doesn't know about this conversation, yet. But he may as well start looking around for his next job. Because he's through.

He has incurred one of the most serious accusations that can be lodged against a marketing man—the accusation of unprofitability.

The tough thing is that the charge is probably true. Worse, whether the charge is true or not, Mr. Jackson has no coherent way of defending himself against it.

Because he "never has time" to study the arithmetic of his situation.

After hundreds of counseling sessions had convinced Mr. Astwood that feebleness with figures was a major stumbling block to job longevity for marketing men, he decided the Sales Manpower Foundation, already playing a major role in placing qualified men in jobs, should try to keep them there.

He talked things over with Harry R. White, executive director of the Sales Executive Club of New York, Inc., parent organization of the Manpower Foundation, and as a result, the Foundation undertook a massive study of selling costs in 15 major U. S. manufacturing industries.

Showing where the money goes

Amassing the data for the study reinforced the theory that a great many sales executives simply do not know where the money goes. Marketing men were anxious to cooperate—but did not know how to do it. Time after time they called to pose the question: "This is important and I want to help out. But where do I get these figures?"

"Even before the results were in," comments Mr. Astwood, "the project paid off. For the first time a lot of men were made figure-conscious. In putting together the pertinent information from their own operations, they began to find out some interesting things about their own profitability.

"And a good number discovered that they weren't nearly as profitable as they'd always thought."

By the time the survey was completed, 671 manufacturers were contacted. In the consumer area, reports were prepared for seven industries: Drugs and pharmaceuticals, beverages, building materials, electrical equipment and appliances, office equipment and supplies, clothing and furniture.

Separate reports were compiled for eight groups of industrial manufacturers: Chemicals, paper, electronics, textiles, machinery, printing and publishing, metals and containers.

Each report gave detailed industry figures in such categories as cost of selling, average cost per call, sales staff turnover, industry compensation plans and other areas which determine the destiny of a marketing executive—whether he knows about them or not.

What does a marketing man do with such information?

Let's say John Jackson is vice president for sales and marketing for a company which sells steel pipes and tubes to industry. Mr. Jackson learns that the over-all cost of selling \$1 worth of metal is 6.2 cents. Of that 6.2 cents, 41.1 per cent goes into paying salesmen; 20.5 per cent is allocated to sales management costs; advertising, merchandising and promotion programs take 11.8 per cent, and so on.

Mr. Jackson generates figures in these areas on his own operation, unless he is among the minority which has done so already. An eyeball comparison tells him how he stacks up with his compatriots in the industry. And any unusual variation signals him to take a good, hard look at the situation.

"By doing this," says Mr. Astwood, "the sales executive is starting to gain control of some phases of his operation which may have been running unchecked. One thing is sure, he'll be able to do more than just gulp when the president says the promotion figures look a little high, and wants to know why."

Who brings in business?

Some of the most fascinating figures in these reports turn up under the heading, "Who brings in the business?"

Sales managers were asked to classify their salesmen into three main groups—"top," "average" and "marginal" sales producers. Then they were asked the percentage of volume brought in by each group.

The managers said 34.3 per cent of their salesmen are "top" producers; they bring in 52.6 per cent of the volume.

The "average" producers make up 47.6 per cent of the composite sales force—and account for 37.9 per cent of the volume.

The "marginal" salesmen represent 18.1 per cent of the selling force—but sell only 9.5 per cent of the volume.

But, Mr. Astwood was asked, doesn't that "marginal" group include many new men, trainees?

"We checked on that, too," he says. "More than four out of five of those bottom producers are experienced men.

"The figures point up one important reason for the precariousness of a marketing executive's life expectation in his job. If he is close to the average, he is carrying about 20 per cent sales deadwood—producers who pull only about half their weight.

"And the traditional rebuttals—'Some of our territories are marginal territories, and you can't support a good man in them'—just don't apply any more.

"When the top marketing man sees something like this happening to him, it means he is becoming unprofitable. And unprofitable and expendable mean the same thing. He had better rethink his territories—and his men."

But all too often he doesn't. The crunch comes, and he's looking for a job.

Of course, at the same time, there are any number of

Why Sales Executives Fail *continued*

firms which have become disillusioned with their sales brass hats—and are looking for men.

And that's where the Sales Manpower Foundation comes in.

Its first problem is that so many companies don't know what they should be looking for. Here's what they ask for all too often: "Preferably an Ivy League man, upper third of his class, Phi Beta Kappa if possible, commanding personality, a resonant voice, the ability to motivate men, 10 to 12 years management experience and, please, not a day over 35."

"Ridiculous," Mr. Astwood says.

What should a company be looking for in a top marketing man? Here are five qualities:

- He should be a man with a mania for growth.
- He must be cost- and profit-minded.
- He has to be creative, always seeking the new—the new distributing idea, the new merchandising approach, the untouched market.
- He must know his business and use his knowledge so that he has an instinctive feel for needs—and products that will meet those needs.
- He must be able consistently to choose and lead good men.

"And when you have a marketing man with those qualifications," Mr. Astwood tells employers, "you soon won't care whether he has a Phi Beta Kappa key or a resonant voice. You'll know you've got a valuable piece of property."

As for the job-seeker, Mr. Astwood's group shows him how to prepare a résumé that really sells an appointment, how and where to canvass and how to figure out what job is really best for him.

In the interview itself, the marketing man is urged to make skillful, tactical use of adroit questions, or counterquestions.

"When the president says, 'What can you do for us,' the guy shouldn't come bursting forth with a load of blue sky," Mr. Astwood says.

"Instead, he should put some counterquestions: 'Before I get to that, Mr. Smith, I'd like to ask you one or two things. Can you tell me what is your sales load? Of the sales dollar, how much are you putting into advertising and promotion as against compensation? How does your cost per call stack up with the industry average?'"

"This frequently gets the interview onto a productive track. The president often doesn't have the answers: 'I can't tell you that right off the top of my head.' What he may do is call the controller and put the questions to him. The result is a positive conversation about nuts-and-bolts profitability, with the job candidate taking the lead."

The marketing man should try to get some line on why the previous incumbent is no longer in the job. Without some feel for this, the applicant may get into trouble.

Making the right sales pitch

If he has used his questioning technique carefully, the sales executive can pinpoint his marketing of his own talent and experience to the company's needs.

"Here's the way a marketing man should talk in presenting himself," Mr. Astwood advises. "When I joined the firm we were doing \$2.5 million in volume. We increased that to \$7 million in three and a half years. The first step was to reorient the territories so that the men could spend more time with customers who could really produce the volume. Here's how I did that. . . ."

"Or, 'I found that, of 60 salesmen, 10 or 12 were top producers. Forty were reasonable. The bottom 10 were bringing in just 4 per cent of the volume. We replaced them. But we didn't just send them away with pink slips. This is how we managed to do it. . . .'"

"This is the way a man talks when he knows what the target company is looking for—and when he has carefully studied himself to find what he has got to fill the need.

"And it all comes back to that all-important word—profitability."

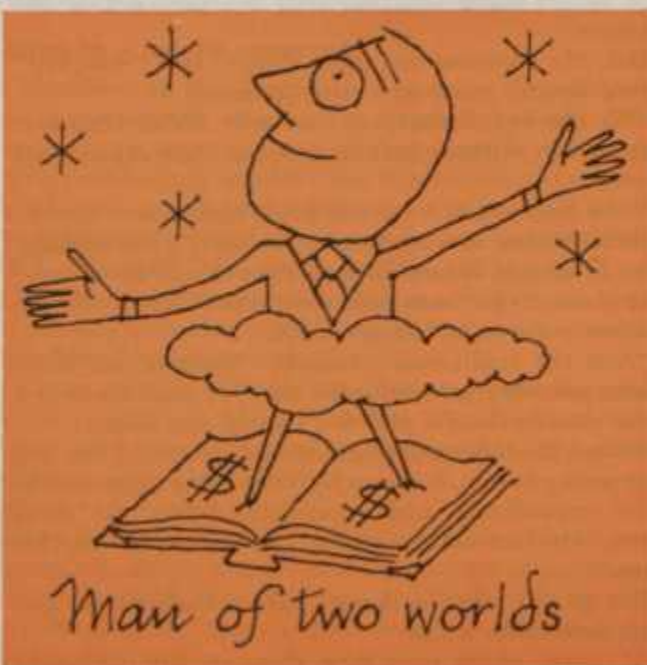
Along with his qualities of leadership and creativity, the marketing man must have at his fingertips the answers—hard answers—to questions like these:

- What is it costing us to sell today?
- Who are my profitable men?
- How does the sales dollar break down?
- Where do we stand compared with the industry?

"A man doesn't have to turn himself into a slide rule to have information like this," Mr. Astwood insists.

"But without it, he's always running scared. He has no way of knowing whether or not he's profitable.

"And if he doesn't know, chances are he isn't profitable—or at least as profitable as he could be." **END**



REPRINTS of "Why Sales Executives Fail" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

How a Lonely Company Can Find Happiness

Fifty-five blushing, prospective brides and 17 would-be bridegrooms rendezvous in a plush New Jersey inn.

All are moved by the urge to merge. Sound like a script for a fleshy scene from an off-Broadway play?

Well, it isn't. It merely describes the latest wrinkle in a growing field—corporate marriage brokering.

The meeting of 17 merger-minded firms, and 55 companies open to an offer, was set up by H. J. Brown International, Inc.

"We've been providing acquisition consultant service for some time to major U. S. corporations," President Harlan J. Brown says. "But we also saw a real, unmet need for a way to get together small- to medium-sized companies not averse to a merger, or acquisition-bent."

"The New Jersey meeting was our solution to this problem."

"We invited 50 select firms which have been active in acquisition over the past two years. Seventeen accepted. The same invitation went to 55 growing, profitable companies, not actively seeking acquisition but willing to listen to an offer."

"All 55 were handpicked from an original list of 4,000, representing such growth industries as electronics, optics, aerospace, instrumentation, chemicals and food products. They ranged in size from \$500,000 to \$10 million in annual sales."

"Then, without revealing the identity of would-be brides or bridegrooms, we arranged private, two-hour interviews where representatives of firms interested in each other could discuss corporate wedlock."

"The sessions ran for three days."

"The result: Active pursuit of 45 of the acquisition prospects. Possible marriage for five or more."

The program, dubbed Acquire/Merge I, will be repeated in a dozen other metropolitan areas in the next three years.

END



DRAWING: RALPH ROBINSON

The Hand That Rocks the Cradle Counts It, Too

The 1970 census is definitely going to have the woman's touch.

Better than 165,000 of the 185,000 people who will participate in taking it will be women. And the Census Bureau expects women will fill out most of the forms to be answered.

This is a far cry from the first nine censuses, from 1790 through 1870, when census-taking was strictly a man's affair. Women were hired for the first time in 1880, about 200 of them. The number of women employed increased each decade until in 1950, for the first time, they outnumbered male enumerators.

In the last census, women workers totaled about 80 per cent of those employed.

The primary reason for the heavy distaff touch is economic: Almost every man capable of doing census work already has a full-time job and it's a tough problem to find qualified people for a few weeks' work.

The Census Bureau is counting on housewives to fill the average \$2 an hour jobs.

Millions of households—those in 145 metropolitan areas—will be asked to fill out the census forms and return them by mail, avoiding the need for personal visits by enumerators. This will be the first really extensive use of this technique, and will cover about

60 per cent of the population. These people will be asked to black in dots and squares in answering, so the tabulation can be done by computer—another first.

The census will start April 1 and continue into May or June. Workers will be recruited in February. The jobs are open to all American citizens, 18 and over, who are able-bodied and who can pass a written test.

There will be two types of census forms, a "short" and a "long." The "long" form will go to one family in five and the Census Bureau estimates it will take about 45 minutes to fill out. The "short" form probably will take the average family about 15 minutes to answer.

The census is the cornerstone of the government's facts and figures about the nation, and the Constitution requires that it be taken every 10 years.

Apportionment of the membership of the House of Representatives is based on its figures, as well as the makeup of most state legislatures. Some \$5 billion in federal funds are also dispensed yearly under formulas in which population is a determining factor. Millions more in state money are apportioned on the basis of census figures.

So what those women will be doing will really count.

END

SOUND OFF

SHOULD WE GO TO MARS?

It was a great day when The Great Moon Race ended with Uncle Sam winning over the Soviet Union hands down.

Where next? And possibly you would want to ask, "Why any next?"

Mars is the obvious place to go next, if we go at all. Vice President Spiro Agnew has called for the United States to send men to the red planet before the end of the Twentieth Century.

But there are those who ask, "Why go to Mars?" or "Why not spend those billions of dollars fixing up our own land?" They say, "There's nothing on Mars worth a tenth of the money it will take to get there."

The price tag for the moon trip was

\$24 billion. What would the months-long trip to Mars cost, if we should decide to try it?

No one really knows, not even the National Aeronautics and Space Administration, though \$24 billion has been mentioned as the expense involved in a plan to send 12 men off to Mars in November, 1981, and—after a two-and-a-half-month sojourn—to bring them down to earth in August, 1983. A NASA spokesman responded to the question this way: "It would cost an astronomical amount. Heavens above, we don't know."

Some scientists argue we can send machines to Mars which can do just about anything man can do. "So why waste extra billions training men and

why take chances with human lives?"

On the other side are those who say that Mars is like the mountain top, that men must go there simply because it is there; that man is an animal of discovery. Also, that no one knows what additions to man's resources and knowledge might be found on Mars—and that those additions might be incredibly valuable.

Still another argument is that we have no assurances our space agreement with the Soviets will be enduring and that we should get to Mars to keep the communists from making the red planet a Red planet.

What do you think? Should we go to Mars? If you think we should—or shouldn't—why?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should we go to Mars?

☐ Yes ☐ No

Comments:.....

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Name and title.....

Company.....

SOUND OFF RESPONSE

SPEAKING OUT ON A VOICE FOR YOUTH

"The young leading the young is like the blind leading the blind."—Lord Chesterfield.

"Almost everything that is great has been done by youth."—Benjamin Disraeli.

In a sense, these observations by Chesterfield and Disraeli reflect the span of opinion of NATION'S BUSINESS readers on the August "Sound Off" question: "Should 18-year-olds vote?"

Among those responding in the negative—the majority—sentiment focuses largely on what they feel is the immaturity of today's youth, as evidenced by the college campus upheaval and the rebellious behavior of young people in general.

But many readers believe lowering the voting age will make the young more responsible, give them a voice in a government which can order them into war and let them prove they are more mature than 18-year-olds of previous generations.

Martin Sheridan, vice president of the Admiral Corp., Chicago, Ill., offers three reasons why the voting age should be lowered:

"First, the teen-agers of today are so much better informed than the youths of 20 to 30 years ago because of the two great media—radio and television—which provide easy assimilation of the news. Second, because the youngsters are more interested in politics, in world affairs. And the final argument, that if you are old enough to bear arms for your country, you are entitled to vote."

On the other hand, James G. Morrison, assistant manager of district sales, U. S. Steel Corp., New York, N.Y., says, "We have too much lack of judgment in the electorate as it is. Why water it down still further with the votes of 18- to 21-year-olds whose

immaturity, with few exceptions, is manifested almost daily in the schools, at home, and in their social activities?"

Back and forth, the arguments go.

R. H. Carty, manager of traffic engineering, Continental Can Co., New York, thinks today's 18-year-olds are as mature as many of his contemporaries were at 21. "The best way to achieve maturity is to be given responsibility and learn by one's mistakes," Mr. Carty suggests.

Maturity and minors

"Maturity for exercise of good judgment is not reached until at least age 21," writes F. O. Bradley, a Glenwood Springs, Colo., public accountant. "Student uprisings and the number of 'pot' users under 21 illustrate this, and unfortunately most of these participants will regret their 'way-out' actions upon reaching maturity."

Edwin S. Berngartt, president of Poole & Kent Corp., Silver Spring, Md., has a different view: "The level of education among our 18-year-olds today is higher than the general level. Our youth should participate. Let's stop pretending we (the Establishment) have a corner on the brain market."

Answering the argument that 18-year-olds should vote since they are old enough to serve in the Army, marry and pay taxes, Fred W. Bush, an engineering consultant with Allis Chalmers, Wauwatosa, Wisc., notes, "An employee may be a very fine lathe operator but that does not qualify him to vote on the Board of Directors."

Perhaps the politician fears the votes of these youngsters, says Robert J. Weis, sales manager of the Ferro Corp., Pittsburgh, Pa. He adds: "Today's youngsters will not tolerate the indecision, favoritism, corruption, special interests, and many other evils

which exist in our political system."

Elmer L. Judy, superintendent of the Struck Construction Co., Louisville, Ky., would advance the voting age to 25 rather than reduce it to 18. He explains: "A very small per cent of our youth at high school graduation know what to do with their own lives, much less make decisions affecting 200 million other people. Nor should anyone be allowed that privilege while under the influence of college professors or affected by college associations."

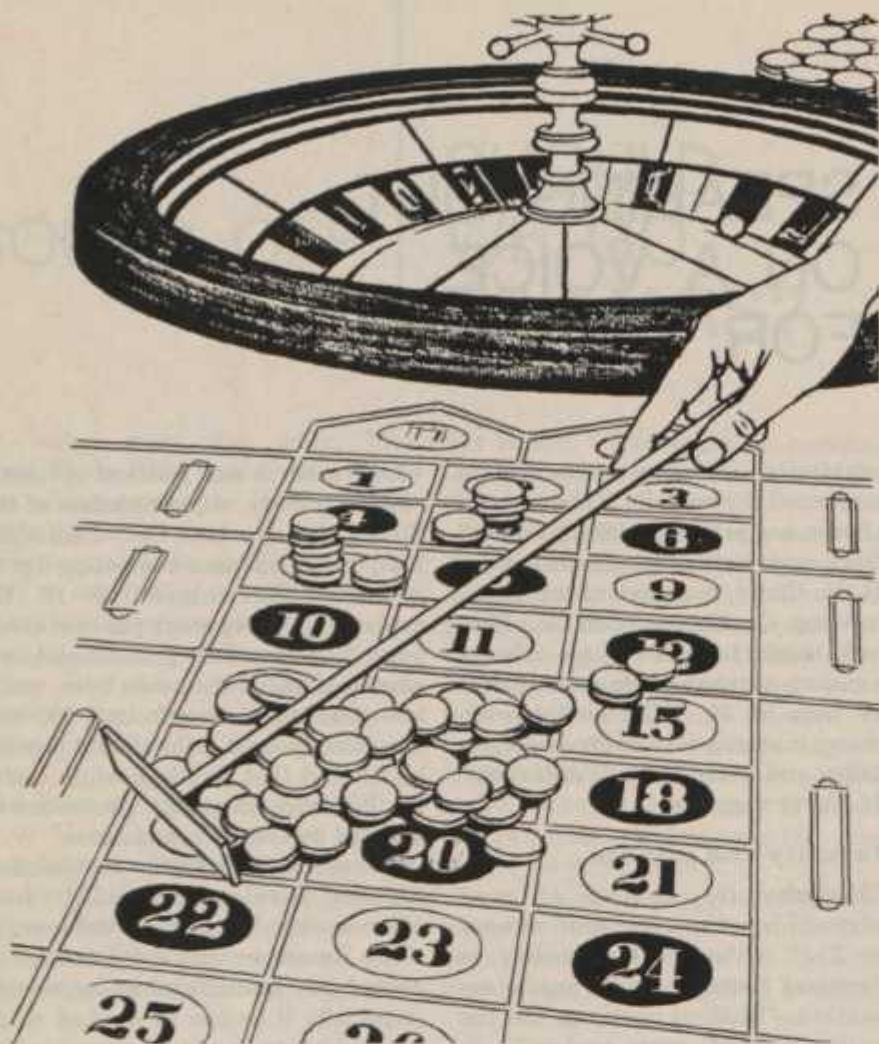
Leonard R. Mitchell, comptroller, Midwest Services Diversified, Inc., Minneapolis, Minn., feels differently: "Any American who is old enough to defend his nation against aggression (especially if he can be drafted to do so), and has to pay taxes to support its upkeep, should be permitted a voice in deciding who will conduct its affairs."

View from college

"Absolutely not," declares James A. Webb Jr., assistant professor of business, Louisiana Polytechnic Institute, Ruston, La. "I work with 18- and 19-year-olds. Based on what they don't know when they get to college, I would hate to think of this group of young people voting for local, state and federal officials, including the President."

But James A. Fabian, a Skokie, Ill., consultant, asks: "Responsibility breeds maturity, so what is our country afraid of?"

R. C. Flowers, vice president, Concrete Machinery Co., Inc., Hickory, N. C., vigorously opposes the proposition, explaining: "It is legal now for illiterates, perverts, perjurers, liars, pretenders, distorters and mealy-mouthed and double-dealing humbugs to vote. No sensible individual would dare try to increase that percentage. Our forefathers were men of great



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Speaking Out On a Voice for Youth

continued

courage, great knowledge and vision. They have not been proved wrong."

On the other hand, Wayne R. Brown, plant manager, Corning Glass Works, Corning, N. Y., writes, "I believe most of the younger people to be more knowledgeable in current events than most of the older voters."

P. G. Sullivan, sales manager, Oglebay Norton Co., Detroit, Mich., is emphatically opposed: "Not until they contribute to education, pay taxes, build a few churches, schools etc. Let them invest before they manage."

"The archaic ideas, both pro and con, about lowering the voting age can and should be updated," suggests Stuart Kamber, general manager, Scot Sales Co., Chicago, Ill. "Physically, at 18 one is considered mature. Legally, at 18 one is considered mature (except for contractual law). Mentally, at 18 one is considered mature enough to fear, love, hate, and have all the other emotions of an 'adult.' Why then can't an 18-year-old vote? Because old people have old ideas."

Drug use cited

"All a person has to do is look at the student uprisings on campuses and those who are taking various kinds of drugs rationalizing their use as 'finding insight into themselves,'" writes Mrs. Paula Johnson, secretary of the Oklahoma Medical Research Foundation in Oklahoma City, Okla. "This to me is the best indication that they are not yet mature, responsible adults."

John R. Barrios, district manager of Drilling Well Control, Inc., Midland, Texas, writes: "With the improved communications we have today the 18-year-old is more educated and aware than his or her parents of 18 years ago. Generally speaking, the 18-year-old is more frank and honest in his approach than you or I."

"I have not seen evidence that most 18-year-olds have decided what direction in life they are going to pursue," Larry Davis, vice president of Educational Programs, Inc., Denver, Colo., says. "I feel it would be very hard to vote for people who, to some degree, can control your destiny until you



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association membership makes cents

Speaking Out On a Voice for Youth

continued

have decided what you want out of life."

J. D. Barton, president of Valley Gas Co., Inc., Lanett, Ala., asserts: "It seems to me that the day an 18-year-old registers for the draft he should be able to enjoy all the privileges of democracy for which he is expected to die."

"Assuming I am an average college graduate (University of Chicago, 1924) I was busy securing an education until I was 20," O. E. Bonecutter, vice president of the Martin K. Eby Construction Co., Inc., Wichita, Kans., says. "As a rule, few young people read the papers and magazines on political matters and are informed enough to vote intelligently."

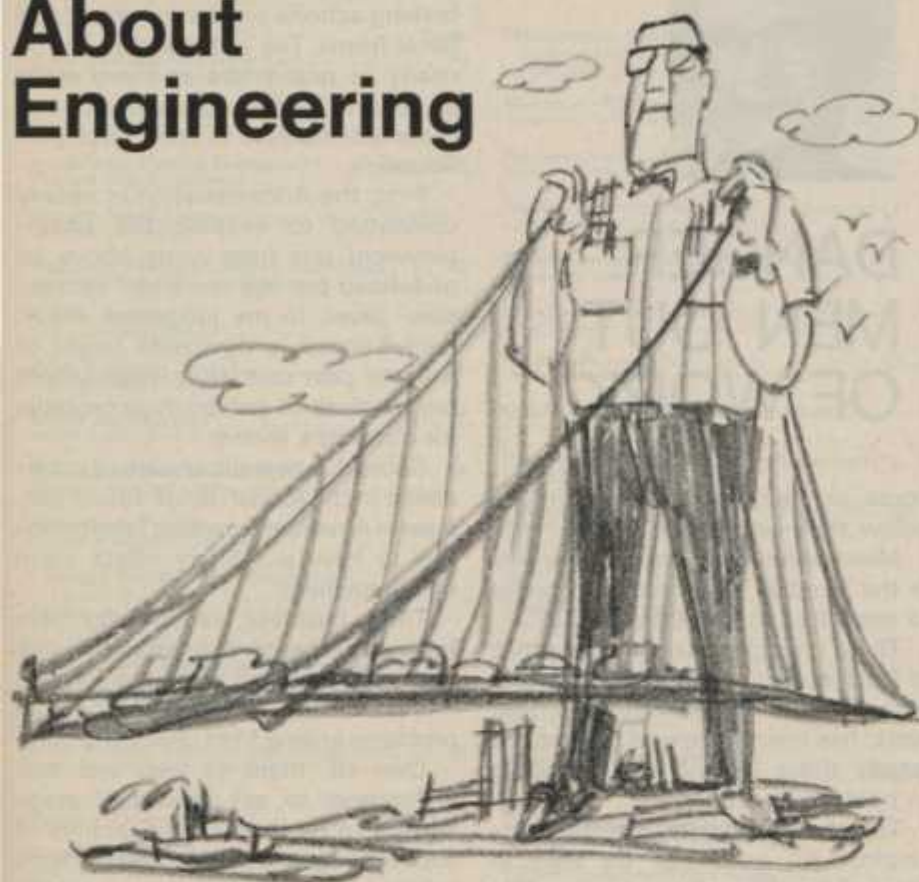
R. J. Cunningham, assistant traffic manager, Northrup, King & Co., Fresno, Calif., takes this position: "One of the basic causes of unrest in our colleges and lower level instructional institutions is the fact that youth is given so little recourse to self-guidance and self-determination. The right to vote at age 18 will give the young an opportunity to speak for themselves in a law-abiding way."

G. William Harrison, president of Delta Pacific Corp., Las Vegas, Nev., says: "Up until approximately a year ago I would have said, Yes. However, the recent SDS and similar movements, youth riots and other demonstrations of irresponsibility have conclusively changed my opinion."

An opposite view is expressed by Harry Weiss, regional manager, The Valeron Corp., Brookfield, Wisc., who writes: "Possibly student rebellion could be eliminated with the right to help choose a government. It is surprising to note how mature a person can become with something responsible to do."

S. William Di Cillo, vice president of Berg-Marshall, Inc., a Worcester, Mass., advertising agency, notes that "18-year-olds tend to be liberal in views," and thinks that allowing them to vote will greatly affect "an already unbalanced situation that exists in the liberal favor." He adds: "I question whether the system can survive a greater influx of immature and naive voters that should abound in this lower age group."

Bum Steering About Engineering



Popular opinion has it that most engineers are loners—overly quiet, uncommunicative, totally lacking in the social graces. They're supposed to prefer machines and books to people.

But the engineer usually is not a loner. The day of the young Henry Ford is long gone. The engineer, whether he's in construction, design, manufacturing or selling, has to function most often as a member of a team. He may be a specialist, but he still must be able to take and give orders.

The one million engineers in the United States work in manufacturing, construction, public utilities, consulting services, federal, state and local government and in educational institutions.

They're communicators

So most of them are directly concerned with projects involving many other individuals. An uncommunicative person would find it impossible to do his job. And an antisocial sales

BUELL WHITEHILL JR., author of this article, is director of personnel of The Rust Engineering Co., a division of Litton Industries.

engineer, for example, would soon be unemployed.

Then there's the idea that the engineer has a rigid, constricted personality, and habitually resists new ideas. Another misconception.

An important attribute of the engineer's personality is that he be practical, that he asks: "Will it work?" The accusation that he resists change has validity only because new ideas frequently are unworkable.

Resist change? The young engineer switches jobs every three or four years, and doesn't begin to put on the brakes until he's in his 40's.

Where are the students?

These misconceptions have a bearing on a problem for the profession: shortages of personnel.

There are signs that engineering is losing its charm. Undergraduate enrollment in engineering has been declining steadily during the past five or six years. Full-time enrollment in advanced graduate programs has dropped 16 per cent since last year, says the Engineering Joint Council.

What has happened to steer students away from engineering?

Young people offer these reasons: Inadequate salaries, poor working conditions, hazards of technical obsolescence and fear of unemployment after the age of 45. A study at a typical American college adds to the list—a belief among many students that engineering is not directly involved in solving social problems.

The difficulty of the curriculum is offered as another reason for not entering a college engineering program.

Two of these student objections are patently false: Starting salaries for college graduate engineers are comparable to or better than those in other fields, and the working conditions are likely to be superior.

And there is nothing new in the demands engineering courses make on students. The curriculum never was considered easy.

The fear of personal obsolescence—being jobless close to middle age—is contradicted by new opportunities for continuing education and career updating programs available to engineers.

Continuing education throughout a professional career is becoming a way of life, and this is not peculiar to engineering. But it has particular meaning for many men who were graduated from engineering colleges some 15 years or more ago and had no computer training (today's recruits automatically study computer use, sometimes at high school level).

In some areas, the computer does in an hour what it would take a couple of days to do with a slide rule. Older engineers may simply have to be retrained.

Knee deep in change

As for the claim that engineers are not involved in social change, just who do our students think will rebuild the ghettos, and construct the roads, bridges, housing and industrial plants essential to improving our economy and way of life? Changes ahead in our society will probably involve engineers as never before.

So, it's probable that two misconceptions, held not only by students but many others, are largely responsible for the declining interest in college engineering. One is the false idea of the personality types attracted to engineering. The other is a confused picture of what the engineer does or is capable of doing, in his profession. **END**

THIS MONTH'S GUEST ECONOMIST

Walter E. Hoadley
Executive Vice President
Bank of America



DANGER: MEN OUT OF WORK

Few words evoke more emotional reaction than "unemployment," which historically has been deemed not only harmful for the individual and his family, but dangerous to society and its institutions—as witnessed by the despair and unrest of the Great Depression.

Until quite recently, doubt lingered that sufficient jobs could ever be found to alleviate unemployment, especially in the face of rapid technological developments which made automation a "sinister threat" to workers. Increases in the labor force as World War II "war babies" grew to maturity provided the clinching argument for many economic analysts.

Perhaps they're rechecking their crystal balls now that businessmen in virtually every field face the problem of finding capable men and women to fill available jobs. The United States for all practical purposes reached "full employment" in late 1965.

There was increasing evidence that when the over-all unemployment rate (i.e., percentage of civilian labor force not at work) dropped below 4.5, serious shortages of skilled and experienced workers emerged. But general fiscal and monetary expansionary efforts by the government proved of relatively little help in reducing unemployment among the unskilled, especially the "hard core" unemployed heavily dominated by minority youths.

Among the educated and trained, attention has been increasingly focused on the quality of the job opportunity as opposed to mere availability, and also upon underemployment (when individuals work short

hours, or their jobs requirements are below their capabilities).

Meanwhile, there has been a rise in the number of people who prefer to work less than full-time.

Thus, unemployment in the sense of total joblessness, including people who have given up trying to find work, has been narrowed to describe largely those lacking the requisites to hold a job today.

The sharp variation in current unemployment rates can be seen in these seasonally-adjusted Labor Department estimates for June, 1969.

	Number unemployed (000)	Unemployed percentage
Total labor force	3,400	3.4
Married men	492	1.5
Males, 25 and over	580	1.6
Teen-agers	1,437	11.6
Nonwhite	767	7.0
White collar workers	933	2.1
Blue collar workers	1,066	3.7

Full employment, spurred by requirements of the Viet Nam war and reinforced by insatiable demands for economic and social betterment, has been accompanied by an accelerated decline in the dollar's purchasing power and by inflationary psychology, motivated by expectations of more inflation to come.

The Administration recognizes it must fight a determined battle to check inflation and, more significantly, to blunt inflationary psychology. On the other hand, it realizes undue measures to restrain inflationary expansion may induce "economic overkill" and cause a sharp rise in unemployment.

Careful research has shown a "trade-off" between price advances

and unemployment. A key question now is whether unemployment will rise sharply as the result of current braking actions on the monetary and fiscal fronts. The outlook may not be nearly as pessimistic as many seem to believe, barring a sudden, but unexpected, increase in labor force participation.

First, the Administration is openly committed to keeping the unemployment rate from rising above an undefined but not too high "acceptable" level. In my judgment, President Kennedy's downside target of a 4 per cent over-all unemployment rate is close to politically acceptable for President Nixon.

Second, a new dimension of confidence in the longer-range future permeates American business; this promises to have a salutary effect upon unemployment.

Third, business leaders who have been participating in programs to hire and train the hard core unemployed are personally aware of the social problems arising from unemployment.

Over-all, there is less and less willingness to ask individual wage earners to be the unaided victims of successful government efforts to fight inflation. It seems both reasonable and desirable to develop a new program of stabilization assistance to minimize the impact of temporary unemployment. Thus layoffs, as a consequence of public policy changes, could be averted by using the time to train the workers for new skills or responsibilities.

Since on-the-job training has proven vastly superior to off-the-job schools, I can visualize a worker being "temporarily transferred to training" rather than classed as "unemployed."

In summary, then, we must be wary of accepting any over-all unemployment percentage rate as an exact measure of danger to the economy or to business. To be blunt, any able-bodied person desiring employment—regardless of race or other characteristics—who does not have a job poses a potential threat to American society.

But in a full employment economy the most important unemployment figures will always be those measuring the number of people who, with proper training and special assistance, can become truly effective members of the labor force.

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What lies ahead in the next few months for the nation's economy? Are prospects bright or dark? You'll find out from results of the Nation's Business Quarterly Outlook Business Survey of 5,000 executives in the October issue.

EDITORIAL

A 1970 MODEL

President Nixon's "new federalism" would require states and cities to bear more of the load of running their own affairs.

Most businessmen have long been in favor of this principle.

Businessmen know, too, from their own experience, that it takes the right machinery to get a job done. And when you put a bigger load on a machine, you'd better be sure it has the capacity to handle it.

Unfortunately, some state and local government machinery is antiquated or outright obsolete.

Some dates back to 1780, 1820 and 1848.

You wouldn't try to run your business with machinery that old.

In many places, businessmen have led the way in getting state and local governments modernized. You can be more influential than you think in helping yours get a 1970 model to meet the problems of the '70's.



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